

THE DEPARTMENT OF STATE



Bulletin

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THE DEPARTMENT OF STATE

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Secretary Dulles' News Conference of March 4

Press release 104 dated March 4

Secretary Dulles: I am ready for questions.

Q. Mr. Secretary, the Soviet Union has proposed the holding of a foreign ministers' meeting under certain rather specific conditions. Is this Soviet proposal acceptable to you?

A. The only Soviet proposal to which I can at this time direct myself is that which is reported in the published note of the Soviet Government to the French Government. There is another note, as you know, to the United States, which so far has not been made public and which varies slightly from the note to the French.¹ I would say that the conditions which are laid down by the Soviet note to the French are not acceptable to the United States because they seem to us to be conditions which would preclude the kind of meeting that we want to have, which is a meeting which would actually advance the effort to allay tensions and resolve significant issues which exist between our countries. The Soviet position is somewhat ambiguous in that, on the one hand, they want to have an agenda which will deal with some important matters as to which—as Chairman Bulganin put it in his last letter to the President—the known positions of the parties indicate a probability of agreement.²

Well, as things now stand, there are not many important matters where the known positions of the parties indicate a probability of agreement. It does not seem to us that a summit meeting can usefully be held unless there is some further discussion to develop the positions of the parties with

respect to some of these matters so that it could meet the criterion which the Soviet Union itself listed, namely, a probability of agreement. I do not understand how you can fix up an agenda where the test is there must be a likelihood of agreement unless you go into the substance of some of these matters—the substance of some of the positions that have been taken by the countries—and see whether or not there can be developed a likelihood of agreement. Maybe this can be worked out. But, as it stands, the position of the Soviet Union seems to be unacceptable in that respect.

Q. Mr. Secretary, you say there are not many important matters where the known positions would indicate the probability of agreement. Is there, in your view, any matter in which there is that possibility?

A. No. If I said "many," I think I misspoke myself. I don't know of any significant matter where the presently known positions give a reasonable likelihood of agreement.

Q. Do you see the prospect, Mr. Secretary, of developing any matter in a foreign ministers' meeting which would have a probability of agreement at a summit conference?

A. Well, that requires me to do too much guessing. Of course, the first essential is that there be some method, whether it be a foreign ministers' meeting or diplomatic channels—and as between the two the United States has a flexible attitude—for trying to develop items where there is a reasonable prospect of agreement. A summit meeting which was merely a spectacle, a show, and which was unable in fact to reach some decisions of significance—that would not be acceptable to the United States. We want a meeting that will really accomplish something.

¹ For texts of Soviet aide memoire to the United States and U.S. reply, see p. 457.

² For text of Soviet note of Feb. 1 and President Eisenhower's reply of Feb. 15, see BULLETIN of Mar. 10, 1958, p. 373.

Q. Mr. Secretary, would you not be precluded, under the Soviet proposals, from discussing at a foreign ministers' meeting these various questions of substance?

A. I think it is quite likely that we would be so precluded and that is the purpose of the Soviet memorandum, to preclude such a discussion. On the other hand, that is difficult to reconcile with the other statement of the Soviet Union, which is that the agenda must be a selection of items where the known position of the governments makes likely an agreement. How can you select an agenda and apply that criterion without going into what are the positions of the governments? That is not easy to see. It may be that there is an inconsistency there which could be reconciled in a manner which could be acceptable to the United States.

Q. Mr. Secretary, can you speculate as to the reasons for this recent series of proposals?

A. No; I would prefer not to speculate about that.

Possibility of Agreement Not Excluded

Q. Mr. Secretary, you have just said quite emphatically that you don't see any prospect for agreement on any important matters. At the same time reports persist that the impact of this Soviet presentation is rather cumulative, that in the neutral areas and other areas of the world there seems to be an attraction generated by the Soviet alleged insistence on some peaceful purposes. This seems to put us in a box. Do you have any formula for getting us out of a position of this kind?

A. Let me correct, I think, one statement you attributed to me. You said that I did not see any prospect of agreement. I think what I said, certainly what I meant to say, was that, using the formula of Mr. Bulganin, "the known positions" of the governments did not indicate agreement. I did not know of any presently known positions which indicated a likelihood of agreement. That does not mean that it may not be possible through proper exploration to find some. I do not exclude that possibility.

I don't see that we are in any "box" at all. The United States wants to have contacts at any level, including the summit level, which will, in fact,

resolve some significant issues in a manner which will diminish international tensions. We do not want to be a party to what would be a fraud, or a hoax, and put across a meeting which would not actually deal with anything of significance and which would merely be a spectacle. Nor do we want to have a meeting which would expose differences in an acrimonious way, which would increase tension.

It seems to me that is a perfectly clear, logical position which ought to have the support of all thinking people. I do not consider it being in a "box" at all.

Q. Mr. Secretary, what do you think of the principle that the Soviets laid down for the first time in their note to the French, which is the idea that there should be an equal number on both sides?

A. Well, I do not myself accept the view that there is parity, let us say, between the United Kingdom and France on the one hand and Bulgaria and Rumania on the other hand. If the Soviets want to have some people who will automatically repeat whatever they say so that it will be said three times or four times instead of one time, that is a time-consuming operation. But if it was in the interest of peace to accept that inflection, I suppose we would accept it.

Accomplishments or Spectacle?

Q. Mr. Secretary, does the outlook for an early summit conference now seem to be lessened—dimming?

A. I would put it this way: that the exchange of correspondence which has been going on largely between the Soviet Union and the United States, particularly the letters of Chairman Bulganin and President Eisenhower, have done an indispensable task in clarifying the issues. What are the issues? You begin to get down now to the heart of the matter, and the heart of the matter is: Are you going to have a meeting that is likely to accomplish something? Or is it proposed to have a meeting which would only be a spectacle?

The latter the United States rejects; the former we want. I do not think that you could ever get a worthwhile summit meeting without going through this process which we have been going through, which has clarified the issues. In that

sense you can say progress is being made. But we are down now to the nub of the problem, and what the answer will be, I don't know.

Q. Mr. Secretary, in that connection, do you consider the discussion of German reunification to be an absolute prerequisite on the agenda of the summit meeting?

A. Well, I do not want to say on my own authority that anything is an absolute prerequisite. We have views of allies which we take into account, and, of course, as far as the United States is concerned, the final voice is that of the President. But I would say this: that the last summit meeting made three or four rather significant declarations with respect to German reunification.³ It said, for example, that there was a "close link" between German reunification and security in Europe. It said that the four powers recognized responsibility for the reunification of Germany, and it went on to say that the four powers agreed that Germany should be reunified by free elections in accordance with the national interests of the German people and of European security.

It would seem to be at least of dubious wisdom to have a second summit meeting which would in effect bury the results of the first summit meeting and which would not rather build upon the first meeting, to go forward. The position of the NATO countries in that respect was put forward very strongly, unanimously, at the summit NATO meeting held last December.⁴ I would feel that, if there is a real desire to make these meetings with the Russians amount to anything, they should move forward on the basis of building upon each other, not on the basis of burying each other.

Suspension of Atomic Tests

Q. Mr. Secretary, in the past week Mr. Stassen has proposed a trial period of 2 years for the suspension of atomic testings, and, at the same time, the administration has been reported to be considering some plan whereby the testing would be separated from the cutoff of production of

fissionable materials for weapons production. Could you tell us how you view those Stassen proposals and whether or not the administration is considering the possibility of separating the two items?

A. I would be glad to comment on the topic. I don't want to comment on them in the terms of Mr. Stassen's proposals because I am not letter perfect on just what he said in that respect. The United States is constantly studying this problem of limitation of armaments. It has never ceased to be in the area of constant study by the State Department, by the Defense Department, by the Atomic Energy Commission and others who are advising on that topic. It is a very, very complicated subject with many aspects which are interlocking. We agreed last August with the other Western members of the United Nations Subcommittee and with all of the NATO members upon a series of proposals.⁵ It was very difficult to arrive at such an agreement and it would be difficult to alter it substantially, and certainly the United States has no intention unilaterally to alter it. I pointed out, I think, elsewhere in some of my recent testimony before congressional committees that there are a great many angles of this disarmament matter which need to be considered and the United States cannot take an isolated or selfish position in the matter. For example, we have a very great concern in missiles which could from a distant area bring the United States under risk of devastation. We have a less immediate concern, let us say, with conventional forces which could only move by land. On the other hand, some of our allies are more concerned with that aspect than with the long-range-missile—intercontinental-missile—aspect of the matter. We have got to be considerate of their point just as they are considerate of ours.

On the question of suspension of tests, we have to remember that we have made a very great advance in that matter through a series of tests, multiple tests, running over a period of years. Some of our allies who entered into this field, or who are thinking of entering into it, are just beginning or have not yet even begun. And we are also precluded under the present act from giving to our allies the benefits of our own experience in the field.

³ For text of the directive to the Big Four Foreign Ministers at the conclusion of the Heads of Government Meeting at Geneva, July 18-23, 1955, see *ibid.*, Aug. 1, 1955, p. 171.

⁴ For text of declaration and communique issued on Dec. 19, 1957, at the conclusion of the NATO meeting, see *ibid.*, Jan. 6, 1958, p. 12.

⁵ For text, see *ibid.*, Sept. 16, 1957, p. 451.

I merely mention these two aspects of an extremely complicated situation to point out how difficult it is to bring about changes in the position that was taken last August by agreement. It is particularly difficult to do that in advance of any knowledge that the Soviet Union would accept the changed position.

But we do have this matter constantly under review, and we do see certain prospects of change, at least as far as we are concerned, which we would discuss with our allies. We have not yet done that, and what our final position will be I could not disclose at this time because that has not yet been determined.

Q. Mr. Secretary, you spoke of areas where there might be agreement achieved. Do we propose to reply to the Soviet proposal with an explanation of those areas where we can perhaps get agreement and negotiate? Could you tell us about it?

A. I do not think that we would attempt, in a reply to the most recent Soviet memorandum, to go into the question of the topics where we would think that agreement might be reached. I think that that is too complicated a subject to be dealt with within that context. I believe that that would only be possible either within the context of more informal diplomatic exchanges or perhaps a meeting of foreign ministers.

Summit Conference or Traditional Diplomacy?

Q. Mr. Secretary, do you believe it is possible to reach an arms-control agreement with the Soviet Union without holding a summit conference?

A. I see no reason why a summit conference is indispensable for that result. The United States has made a great many significant international agreements, and very few of those have been arrived at at a meeting of the heads of government participated in by the President of the United States. Indeed, the idea of the President personally participating in this kind of a thing is a rather novel concept. It was initiated by President Wilson; he was the first to undertake an operation of this kind, and one can raise a question on the basis of past experience whether, indeed, that is the best way to proceed. But certainly President Eisenhower has made clear that he is willing to do anything, anywhere, at any time

which would, in fact, advance the cause of peace and justice in the world. Thus the particular procedure of a summit meeting is not, from our point, an indispensable way of proceeding. But, if in fact, because other people want to do it that way, it is needed to arrive at a result which would advance the cause of peace and justice in the world, we are willing to do it.

Q. Mr. Secretary, you have opened the question I was going to ask you. Before the Republicans got into power they condemned the kind of summit meetings which President Roosevelt initiated. Now you are engaging in them yourself. Do you approve of the summit method in preference to the traditional diplomatic method?

A. I believe that the traditional diplomatic method is a better and more dependable way of proceeding than proceeding through meetings of heads of government. But I do not think, given the gravity of the issues that confront the world, that any nation should allow procedures to stand in the way of substantive accomplishments. The important thing is that the procedure should not be of such character as would in effect preclude substantive accomplishments and substitute a fiction for reality. Now the great danger is—and that is apparent, I think, from the Soviet notes—the great danger is that the Soviets may want to substitute a fiction—a fiction that the cold war has come to an end—for the reality. Now I believe a summit conference that lent itself to that fiction would do a great disservice. On the other hand, if the advance preparation indicates that there is a possibility of a substantive agreement on something of real significance and if the Soviets in effect say, "We are not willing to register that agreement except at a summit meeting," then, I think, it would be a disservice to the cause of peace and justice to say that we would refuse to register in that way and that therefore the agreement should fail.

Q. Mr. Secretary, is your primary concern in the present stage of bargaining over procedures to get the procedures into terms which will deal with substance, that is, what you say here implies a counterproposal to the Soviet foreign ministers suggestion to change the terms of that suggestion?

A. It implies, as I tried to make clear, a willingness to proceed through any workable channels to

arrive at what would be meaningful decisions. Now we do not exclude by any means having a meeting of heads of government if other governments feel that that is the most effective way to bring about a culmination, a successful culmination, of explorations that have gone on before. But we do not want to have such a meeting without adequate exploration of the subjects, without ascertaining that there is a good prospect that your culmination will record something which is of substance and genuine; we want a result which will not give an impression contrary to the actual fact. If that can be done, we are glad to see it done.

Q. Mr. Secretary, since the merger of Syria and Egypt into the United Arab Republic, threats and expressions of hostilities have been pouring forth from the capital in Cairo against the new federation of Jordan and Iraq. Would you evaluate the danger presented by these expressions of hostility to the stability in the Middle East?

A. I think it is a very difficult thing to evaluate the propaganda which goes forth in that area. Unhappily that area has become an area which is rife with propaganda and where violent words are freely used to such an extent that people have almost, I think, become a little bit immune to the words. There is so much shouting that goes on that in a way, I think, it does not necessarily have the implications which it would have if those same words were used in a different area. I think it is regrettable that that is the case and that the radios of that part of the world so much devote themselves to recrimination and charges against others. I do not, as I say, think that the danger can be measured just in terms of the violence of the language used, because there has been a kind of a competition in trying to say things more and more violently. I think the real danger is not measured in that way.

Concern for Problems of Asia

Q. Mr. Secretary, you are leaving on Friday for the SEATO meeting in Manila. Could you give us an idea, sir, how you feel the situation is there that requires your presence and if there is any merit to complaints that are heard here that the United States is not paying enough attention to Asia but is preoccupied with Europe and the Middle East?

A. I am going on Friday to this SEATO meeting in Manila. I have been every year in the last 4 years—I think this is the fifth year—to those meetings, if you include the Manila meeting where the SEATO treaty was made and signed. Therefore, my going to the SEATO meeting is not unusual; the unusual thing would be if I did not go to that meeting. I may point out that other foreign ministers are going to it. The Foreign Ministers of the United Kingdom and of France are also going to be present at that meeting. I think that shows the concern which the West has for the problems of Asia and the value which we attach to having an opportunity to sit down in an Asian capital and talk to Asian friends about some of the problems which concern us all, East and West, very greatly.

Q. Mr. Secretary, you said we are "not in a box" on this series of Russian proposals. They have taken the initiative. Have we any plans to take the initiative?

A. I believe that we have taken the initiative. I think that the series of proposals that President Eisenhower has made in his recent letters to Bulganin do represent an effective initiative. Now I am bound to say that serious proposals, such as those that President Eisenhower has made, do not achieve the worldwide attention that more spectacular things do. I do not think that you can properly measure initiative merely in terms of the spectacular. If we try to outdo ourselves in the spectacular, then we are leading the world in a very dangerous way indeed. I can think of lots of things that would be very spectacular and which would be all through the press and radio of the world within a few minutes. But they would not be sound things to do. But I do not think that initiative is properly to be measured in terms just of the spectacular.

Q. Mr. Secretary, following up that thought, is it fair to infer from what you have been saying this morning that you believe that the danger of the propaganda impact of the Soviet position has been exaggerated and that foreign governments, if not their peoples, clearly understand the American position?

A. No, I do not think that the peoples of the world do adequately understand the American

position. I do not think that they adequately understand the Soviet position either. I think that the Soviets have been more clever, more unscrupulous, if you will, in putting across to the world something which sounds very much better than it is. I have said before, I think, that our proposals, because we try to make them sober and serious, do not attract the same worldwide attention that is achieved if you say, "Well, let's have a meeting of 4 or 15 or 30 heads of government at a certain place at a certain time to make peace." That sounds wonderful, and that will go all over the world. When we come along with more serious proposals, which may really promote peace—and let me say, promoting peace is not just getting up and shouting about peace—those do not attract the same attention throughout the world; they don't make headlines as readily as do the Soviet proposals.

But I really believe that, while our process is less spectacular, while it accepts certain liabilities, I believe that in the long run—and I hope we will have long enough to run—the people of the world will come to realize that the more sober, the more conservative, the more realistic proposals do represent what I would call "waging peace" more effectively than the flamboyant things which initially catch the imagination.

The Soviet Parity Proposal

Q. Mr. Secretary, in connection with the propaganda aspects of a summit conference, if the United States accepted the parity proposal of the Soviet Union, wouldn't you then be in a position of changing the voting at the summit conference? Instead of having Soviet proposals rejected three to one, it might come out four to four.

A. There is no voting at a summit conference.

Q. Well, in the speeches of support, I suppose that those might be interpreted as votes—I think the newspapers certainly do.

A. Well, if the newspapers interpret speeches as the equivalent of votes, I would think that was an unfortunate impression to create. (Laughter)

Q. Well, Mr. Secretary, if we can change the word "voting" then—let's say "expressions" of support. Wouldn't you then have a shift in the popular impression, at least, of how things were going?

A. Well, that's apparently what the Soviets think and probably the reason why they want to do it. They think that if, let us say, Chairman Bulganin or Mr. Khrushchev makes a speech, and if it is immediately echoed by the Prime Minister of Albania or the Prime Minister of Rumania, there is a significance to that greater than what attaches to such a statement made by Mr. Khrushchev alone. I don't think that there is any merit in that. They used to do that thing at the United Nations, and people have gotten pretty tired of it.

I recall in the first days of the United Nations General Assembly that I attended it was a regular routine. Mr. Molotov or Mr. Vyshinsky would make a speech which would generally be about a 3-hour speech, and then each one of the then four satellites—in those days there were only four that were members of the United Nations—they would all get up and make a 2-hour speech echoing the speech that had been made by Mr. Molotov or Mr. Vyshinsky. Now they couldn't speak for 3 hours because they aren't allowed to be on a parity with the Soviet Union. (Laughter) But they could not speak for less than 2 hours, because, if they spoke for less than 2 hours, that would not be giving adequate respect to the speech that had been made by Mr. Molotov and Mr. Vyshinsky. So there was a very definite pattern. We all knew what was going to happen: a 3-hour speech by Molotov and then 2 hours each by Poland and Czechoslovakia, and I forget what the others were.

Q. Yugoslavia?

A. No, not Yugoslavia. There was a time when Yugoslavia did that, but not later. I will insert it in the record. (Laughter) [Byelorussia and Ukraine]

Well, that pattern they have gradually discontinued now. There is a tendency to follow it, but only in a very much diluted form, because everybody just got bored to death hearing what these satellites had to say, knowing that the speeches had been written for them in advance by the Soviet Union. And while the Soviets may think they would gain some advantage from having a satellite repetition of what they say, I think that by now people are going to be bored by that and it may not accomplish the result which the Soviets have in mind.

Q. Thank you, Mr. Secretary.

United States Replies to Soviet Aide Memoire on Summit Meeting

U.S. AIDE MEMOIRE OF MARCH 6

Press release 113 dated March 6

Following is the text of an aide memoire handed to the Soviet Ambassador, Mikhail Menshikov on March 6. The United States aide memoire is in reply to the Soviet aide memoire handed by Soviet Foreign Minister Andrei Gromyko to Ambassador Llewellyn E. Thompson at Moscow on February 28, 1958.

I.

The United States Government acknowledges the receipt of the memorandum handed by the Soviet Foreign Minister Mr. Gromyko to the United States Ambassador to Moscow on February 28, 1958. The United States Government has attentively studied this memorandum.

II.

The Government of the United States takes satisfaction from the fact that the Soviet Union is now prepared "to utilize all means and paths," including a meeting of Foreign Ministers, to bring about agreement on a meeting at the highest level of government. On the other hand, the United States Government regrets to find that the character of the preparation envisaged by the Soviet Government falls short of what would be required, in the opinion of the Government of the United States, to assure that such a meeting would actually serve to reduce international tensions.

III.

The Soviet Government memorandum, and the preceding letters of December¹ and January²

¹ For texts of Soviet letter of Dec. 10, 1957, and U.S. reply of Jan. 12, 1958, see BULLETIN of Jan. 27, 1958, p. 122.

² For text of President Eisenhower's reply to Chairman Bulganin's letter of Jan. 8, 1958, see *ibid.*, Feb. 10, 1958, p. 211.

from Chairman Bulganin to President Eisenhower, raise a basic question in relation to a "summit" meeting:

What is the purpose for which a "summit" meeting would be held? Is it the purpose merely to stage a spectacle? Or is it the purpose to take meaningful decisions?

The United States wants a meeting of Heads of Government to take meaningful decisions which would begin seriously to resolve at least some important political issues; inaugurate some significant steps to limit armament, and, by such decisions, to create an atmosphere conducive to further settlements. Anything less would not respond to the hopes, and indeed to the legitimate demands, of mankind.

IV.

If a meeting of Heads of Government is to take meaningful decisions, then the groundwork for these decisions would have to be prepared in advance.

The letter of Chairman Bulganin to President Eisenhower of February 1, 1958,³ which is alluded to in the Soviets' memorandum of February 28, states with reference to the agenda that it should concentrate on "the most urgent problems, with regard to which the known positions of states provide a certain degree of assurance as to their positive solution at this time".

The Government of the United States does not believe that the agenda should necessarily be limited to matters the solution of which now seems assured. Broader discussion may be desirable. But the Government of the United States agrees with the Government of the Soviet Union that the agenda surely should include some significant and urgent topics, as to which agreement seems probable.

³ For text, see *ibid.*, Mar. 10, 1958, p. 376.

What are these matters? The presently declared positions of the Soviet Union and the United States do not as yet indicate the probability of agreement as to any matters of significance that have been proposed by either of our Governments in the course of the extensive correspondence between Chairman Bulganin and President Eisenhower.

How shall areas of possible agreement be found, developed, and defined?

The Soviet memorandum says that preparatory work of the Foreign Ministers should be "strictly limited to questions relating to the organizational side of preparation for a meeting at the summit".

The United States Government does not press for placing upon a meeting of Foreign Ministers all of the preparatory work, provided there is some other acceptable procedure. But the United States is convinced that if there is to be a meeting of Heads of Government, substantive preparatory work must take place in some way to ascertain whether such a meeting would meet the criteria which both Governments accept. The United States suggests, as an alternative or supplementary means, the use of diplomatic channels.

V.

With respect to Soviet statements as to a desirable composition of the agenda, the position of the United States Government concerning certain specific items is as follows:

(1) The United States believes that any new meeting of Heads of Government should not ignore the preceding meeting but should preferably begin where that meeting left off. Meetings of Heads of Government will quickly lose the special significance and authority which is now ascribed to them if a second meeting consigns to oblivion the understandings and agreements of the first meeting.

(2) The Geneva "summit" meeting of 1955 dealt with three main topics: (1) European Security and Germany; (2) Disarmament and (3) Development of contacts between East and West.⁴

As regards the third item, persistent efforts over the past two and one-half years have led to an agreement reached through diplomatic negotia-

tions in Washington. This agreement was concluded on January 27, 1958.⁵ While that agreement is by no means all that we would desire, it does mark what we hope will be concrete progress on the third item of the 1955 agenda.

With respect to the other two matters—European security and Germany and disarmament—no progress has been made.

(3) At the Geneva Conference of 1955 it was agreed that there was a "close link between the reunification of Germany and the problems of European security". The Heads of the four Governments recognized "their common responsibility for the settlement of the German question and the reunification of Germany". Furthermore, the four Heads of Government

"agreed that the settlement of the German question and the reunification of Germany by means of free elections shall be carried out in conformity with the national interests of the German people and the interests of European security".

Yet the Soviet memorandum of February 28 is emphatic that the reunification of Germany "cannot be the subject of consideration at a forthcoming conference at the summit".

(4) At the Geneva meeting of Heads of Government, it was agreed that we would "work together to develop an acceptable system for disarmament through the Subcommittee of the United Nations Disarmament Commission".

Yet the Soviet Union now declines to work through the Subcommittee of the United Nations Disarmament Commission, or, indeed, the Disarmament Commission itself.

(5) With respect to the agenda in general, the Soviet Government seems to claim a veto power without according reciprocity in that respect. The Government of the United States suggests that there must be reasonable "give-and-take" in the selection of items for discussion. In any event the United States would not find it possible to enter a conference in which special privilege and authority were accorded in advance to any other state.

VI.

The Soviet memorandum indicates that the "summit" meeting should mark a "sharp break" in the direction of improving the whole inter-

⁴For texts of U.S. statements and a directive to the Big Four Foreign Ministers, see *ibid.*, Aug. 1, 1955, p. 171.

⁵*Ibid.*, Feb. 17, 1958, p. 243.

national situation, of "creation of conditions for the peaceful collaboration of all states". This greatly-to-be-desired result cannot, however, in the opinion of the United States, be achieved if there are excluded from consideration the principal causes of international tension.

A basic cause, perhaps the basic cause, of tension is the support by the Soviet State of the worldwide ambitions of International Communism. Other major causes of tension, which are perhaps manifestations of the above mentioned basic cause, are the enforced partition of Germany and external interference in countries of Eastern Europe which result in a denial to the peoples of their right freely to choose their own governments. The United States does not, as the Soviet Government suggests, seek interference in the internal affairs of other nations but rather the elimination of such interference.

The United States also believes that there must be effective measures of disarmament including steps to curb the production of nuclear weapons and the means of their delivery. Chairman Bulganin, in his communication to the President of December 10, deplored the "competition in the production of ever newer types of weapons." The Soviet memorandum does not suggest dealing with this problem. It seems to assume that the production of ever newer types of weapons will go on unchecked and uncontrolled.

VII.

It is not necessary, as we see it, that all of the problems that confront and divide us should be resolved at one time. But we do believe that, if there is to be a meeting of Heads of Government, it should deal, more effectively than did the last such meeting, with essential issues, without excluding subsequently dealing with the others. A meeting of Heads of Government that was merely ceremonial or social, or which merely repeated promises already given or hopes already expressed, would not, in the opinion of the Government of the United States, be warranted.

VIII.

There are a number of other matters raised by the Soviet memorandum, such as the composition of the Foreign Ministers and Heads of Government conferences, as to which the United States reserves its position pending further clari-

fication of the views of the Soviet Union on the points raised above. An agreed concept of the nature and purpose of a meeting of Heads of Government seems needed before these other matters can be usefully considered at this juncture.

IX.

The United States reaffirms its desire that, on the assumption that there will be a meeting of Heads of Government, it will be held not as a spectacle, not to reaffirm generalities, but to take serious decisions which will lead to an international atmosphere of cooperation and goodwill.

Department of State,

Washington, March 6, 1958.

SOVIET AIDE MEMOIRE OF FEBRUARY 28

Unofficial translation

The Soviet Government attributes great importance to having take place in the nearest future a conference on the highest level with the participation of Heads of Governments for discussion of a number of urgent international questions.

It is already possible to say definitely now that the proposal for convening such a conference, which has been the subject of exchange of opinions between governments of a number of states in recent months, has met with the approval and support of governments and broadest circles of the public of many countries.

The peoples demand that effective measures be adopted for preventing the threat of outbreak of war with use of atomic and hydrogen weapons, that a sharp break be made in the direction of improving the whole international situation, of the creation of conditions for the peaceful collaboration of all states. The peoples expect from the forthcoming conference at the Summit the resolution of just this historical task.

Exchange of messages between the Chairman of the Council of Ministers of U.S.S.R. and the President of the United States of America which has taken place recently has shown that the governments of both countries stand for a meeting of leading personages of states at highest level.

However there is still a number of questions connected with the preparation of a conference at the Summit on which it is essential to come to agreement without further delays so as to hasten the convening of the conference.

In the opinion of the Soviet Government for bringing about such agreement it is necessary to utilize all means and paths which will help the most rapid achievement of understanding.

Several questions of preparation of the conference can be reviewed and decided without delay through diplomatic channels. On the other hand, the governments of a number of states, including the United States of America,

have expressed the opinion that carrying out of preparation should not only be limited to diplomatic channels and that at a certain stage it would be expedient to convene a conference of Ministers of Foreign Affairs.

Taking account of these wishes, the Soviet Government expresses agreement on holding a conference of Ministers of Foreign Affairs to speed up the preparation of a meeting at the Summit with participation of Heads of Government. The Soviet Government proposes holding a conference of Ministers of Foreign Affairs in April 1958.

Inasmuch as the goal of such a conference of Ministers must be the reduction to a minimum of the period of preparation of the meeting with participation of Heads of Governments, the scope of questions made subject to discussion of Ministers should be, in the opinion of the Soviet Government, strictly limited to questions relating to the organizational side of preparation for a meeting at the Summit.

The Soviet Government considers that the Ministers of Foreign Affairs should be commissioned to work out the agenda of the conference at the Summit, to determine the composition of its participants, time and place of holding it.

Insofar as the composition of the participants of the conference of Ministers of Foreign Affairs is concerned, approximately the same countries, in the opinion of the Soviet Government, should be represented at it as will take part in the meeting at highest level. For its part, the Soviet Government has already set forth ideas relating to the composition of such a conference. In it could take part representatives of all the states members of the North Atlantic Alliance and the states participating in the Warsaw Treaty, as well as representatives of a number of states not participating in military blocs, such as, for example, India, Afghanistan, Egypt, Yugoslavia, Sweden, Austria. If for one or another reason it is considered desirable to hold the conference of Ministers of Foreign Affairs in a narrower composition, then, in the opinion of the Soviet Government, the following states could take part in it: United States of America, Great Britain, France, Italy, U.S.S.R., Poland, Czechoslovakia, Rumania, India, Yugoslavia, Sweden. In this regard, such a possible limitation of the composition of the participants of the conference of Ministers of Foreign Affairs should in no way predetermine the question of the composition of the forthcoming conference at the Summit.

The Soviet Government is agreeable to the convening of the conference of Ministers of Foreign Affairs in a place which will be acceptable for the other participants of such a conference.

The ideas of the Soviet Government regarding the agenda of the conference at the highest level with the participation of Heads of Governments are already known to the Government of the United States of America. The Soviet Government proposes to discuss at this conference the following urgent international questions:

- the immediate cessation of tests of atomic and hydrogen weapons;

- the renunciation by the U.S.S.R., United States of America, and Great Britain of the use of nuclear weapons;

- the creation in Central Europe of a zone free from atomic weapons;

- the conclusion of a non-aggression agreement between states entering into the North Atlantic Alliance and states participating in the Warsaw Treaty;

- the reduction of numbers of foreign troops on the territory of Germany and within the borders of other European states; the working out of agreement on questions connected with the prevention of sudden attack;

- measures for the expansion of international trade ties; the cessation of war propaganda;

- ways for reducing tension in the area of the Near and Middle East.

Besides, the Soviet Government, as it has already pointed out several times, is ready also to discuss with general consent at the conference other constructive proposals directed to the cessation of the "cold war," which could be introduced by other participants of the conference.

Having carefully studied the ideas contained in messages of the President of the United States of America D. Eisenhower to Chairman of Council of Ministers of U.S.S.R. N. A. Bulganin, the Soviet Government expresses readiness also to discuss at the conference at the Summit the following questions:

- prohibition of use of COSMIC space for military purposes and liquidation of foreign military bases on foreign territories. Reaching an agreement on this important question would much reduce the danger of sudden outbreak of war and would be a big step for guaranteeing conditions for the quiet and peaceful life of peoples;

- conclusion of a German peace treaty. For discussion of this question the Soviet Government proposes to draw in representation of the German Democratic Republic and the Federal Republic of Germany. Of course, the question of unification of German Democratic Republic and Federal German Republic into one state, wholly relating to the competence of these two German states, cannot be the subject of consideration at a forthcoming conference at the Summit;

- the development of ties and contacts between countries. The Soviet Government has unalterably stood for the development of such contacts in every possible way. It shares the view of the importance of such type of contacts expressed in the message of President Eisenhower of February 15 of this year.⁵ For its part, the Soviet Government attributes great importance to the support of systematic personal contacts between leading personalities of states for the exchange of opinions on current international questions in the interests of strengthening mutual trust and the consolidation of general peace.

At the same time, the Soviet Government, as it has already pointed out several times, considers completely impossible the discussion at a conference at the Summit, and indeed at any international conference, of such questions as relate to the field of internal affairs of this

⁵ For text, see *ibid.*, Mar. 10, 1958, p. 373.

or that state. The question brought up by the Government of the United States of America concerning the situation in the countries of Eastern Europe relates to just this category. The discussion of this type of question would mean the impermissible interference in internal affairs of sovereign states, a path on which Soviet Union will not tread in any circumstance. The Soviet Government in general cannot understand why it is addressed with proposals to discuss internal affairs of third countries which are sovereign states and with which both the Government of the U.S.S.R. and the Government of the United States of America maintain normal diplomatic relations. In the opinion of the Soviet Government, to bring up questions of this type means deliberately to lead matters to sharpening of relations between states, deliberately to subject to threat the achievement of understanding on urgent questions of liquidating the "cold war" and lessening international tension.

The Soviet Government thinks that for guaranteeing success of the conference at highest level, it is essential that the attention of the participants of the conference be concentrated on such questions, the resolution of which will actually help the detente of international tension, the strengthening of confidence between states, and the consolidation of peace.

The Soviet Government expresses hope that the Government of the United States of America will regard the considerations above set forth in a positive sense.

U.S. Repeats Protest on Closing of Peter the Great Bay

U.S. Note to U.S.S.R., March 6

Press release 116 dated March 7

Following is the text of a note delivered on March 6 to the Soviet Ministry of Foreign Affairs by the U.S. Embassy at Moscow.

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and, on instructions from its Government, has the honor to refer to the Ministry's Note No. 2/OSA of January 7, 1958.

As was made clear in this Embassy's Note No. 147 of August 12, 1957,¹ under international law the Government of the United States cannot regard the body of water enclosed by a line drawn between the estuary of the River Tyumen-Ula and the Povorotny promontory as constituting, either geographically or historically, a part of the internal waters of the Union of Soviet Socialist Re-

publics. The configuration of the coast in the area of Peter the Great Bay is not such that that body of water could in any way be regarded as being comprised of landlocked waters which could properly be considered internal waters of the Soviet Union. Encroachments on the high seas are of concern to the entire world and neither internal regulations of the Russian Government, which were not communicated to the Governments of other States, nor fishing agreements between the Union of Soviet Socialist Republics and Japan could be sufficient to establish the degree of acceptance on the part of the rest of the world that would be necessary to justify the Government of the Union of Soviet Socialist Republics in claiming that the body of water referred to above constitutes internal waters of the Soviet Union either as an historic bay or under any other principle of international law. Moreover, the Government of the United States notes that the Government of Japan does not agree with the interpretation of the Government of the Union of Soviet Socialist Republics of the fishing agreements of 1928 and 1944, to which the Ministry of Foreign Affairs referred in its Note No. 2/OSA.

The Government of the United States must, therefore, continue to regard any measures to effectuate the decree of the Council of Ministers, regarding the boundary of internal waters in the area of Peter the Great Bay, as violative of the fundamental principles of international law, and reserves its right to take such action as it deems necessary to protect each and all of its rights in that area.

Soviet Note of January 7

No. 2/OSA

The Ministry of Foreign Affairs of the Union of Soviet Socialist Republics presents its compliments to the Embassy of the United States of America and in regard to the note of the Embassy No. 147 of August 12, 1957 has the honor to state the following:

The waters of the Bay of Peter the Great are historically waters of the Soviet Union by force of the special geographic conditions of that bay and its special economic and defense significance. The historic rights of Russia to the Bay of Peter the Great were confirmed in Rules of Maritime Fisheries In The Territorial Waters of the Governor-Generalship of Priamurye published by the

¹ BULLETIN of Sept. 2, 1957, p. 388.

Russian Government in 1901 from which it follows that the line connecting the mouth of the Tyumen-Ula River with the Povorotny Cape is the boundary of Russian internal waters in the area of the bay.

The fact that the Bay of Peter the Great comprises internal waters of the Soviet Union is recognized by countries neighboring the U.S.S.R., among which by the great neighbor of the U.S.S.R.—the Chinese People's Republic. As is known, the Soviet-Japanese agreements on fisheries of 1928 and 1944 proceed from the fact that the waters of this bay belong to the Soviet Union.

In this connection the decree of the Council of Ministers of the U.S.S.R. concerning the Bay of Peter the Great introduces nothing new in the status of the bay from the point of view of its belonging to the Soviet Union. The above-mentioned decree only confirms the status of the bay and the boundaries of internal waters in the bay established more than half a century ago, and therefore cannot be regarded as an act violating international law.

The statements contained in the note of the Embassy to the effect that the waters of the Bay of Peter the Great cannot geographically be regarded as internal waters of the Soviet Union are unfounded to an equal degree.

It is generally known that the whole coastline surrounding this bay, which is deeply indented in the continent, comprises the state territory of the U.S.S.R., and the very configuration of the bay shows that it comprises an inseparable whole with Soviet dry land territory. The decree of the Council of Ministers of the U.S.S.R. and the above-mentioned Regulations published by Russia in 1901 partly derive from this.

Therefore the statement that this decree constitutes an infringement of the principle of the freedom of the seas is deprived of any basis, inasmuch as the principle of freedom of the seas applies to the open sea, whereas the Bay of Peter the Great comprises internal waters of the U.S.S.R.

Proceeding from the above exposition the Government of the U.S.S.R. rejects as baseless the protest of the Government of the U.S.A. concerning the communique of the Council of Ministers on the boundaries of Soviet internal waters in the Bay of Peter the Great and sees no bases for further consideration of this question.

As for the announcement in the note of the Embassy that the Government of the U.S.A. reserves to itself the right to take the necessary measures for the defense of its rights in the region of the Bay of Peter the Great, this announcement is deprived of any bases whatever, inasmuch as there can be no question of any rights whatever of the Government of the U.S.A. in Soviet internal and territorial waters in the region of the indicated bay, which is located many thousands of kilometers from the U.S.A.

Moscow, January 7, 1958

Korean National Airlines Plane Incident

Press release 112 dated March 6

In connection with the release on March 6 at Panmunjom of the two Americans who had been detained by the north Korean authorities since February 16, the following is the text of the statement which the United States Government on February 23 forwarded to the north Korean authorities, through the Government of the Union of Soviet Socialist Republics.

The Government of the United States of America draws the attention of the north Korean authorities to the case of two United States citizens, Willis Hobbs, a civilian pilot, and U.S. Air Force Lt. Colonel Howard McClellan, who were in a Korean National Airlines plane which, on February 16, 1958, flying from south to north, crossed the demilitarized zone and landed in north Korea.

The evidence is clear that north Korean agents aboard the plane forced the plane to deviate from its normal course to Seoul and to fly and land in north Korea.

At the 170th meeting of the Secretaries of the Military Armistice Commission of Korea on February 18, 1958, it was pointed out by the Secretary for the United Nations Command that the Korean National Airlines aircraft with a total of thirty-four persons aboard had, in violation of the Armistice Agreement, penetrated the demilitarized zone and entered north Korean territory. A list was presented of the crew members and passengers and a description of the cargo, and a demand was made for the expeditious return of the crew members, passengers, aircraft and cargo. The

Secretary for the Korean Peoples Army and the Chinese Peoples Volunteers refused to accept the list presented and refused to admit any responsibility for the return of any of the persons or property.

The United States Government considers that the conduct of the north Korean authorities in perpetrating the kidnapping of the Korean National Airlines plane with its crew and passengers and in then refusing to agree to release the crew, passengers, and plane, is in clear violation of the Armistice Agreement and of international precedents involving aircraft landing in territories other than their destination. The Government of the United States is deeply concerned for all the persons and property which were in this manner seized and detained, and the request for the release and return of such persons and property is being pursued on an urgent basis by the United Nations Command in the Military Armistice Commission. Furthermore, the United States is particularly concerned with the two United States nationals involved in the incident. For this reason the United States Government vigorously demands that the North Korean authorities release forthwith the two American citizens and any property which may belong to them and permit their return to South Korean territory.

U.S. Delegation Leaves To Attend Fourth Meeting of SEATO Council

DEPARTMENT ANNOUNCEMENT

Press release 98 dated March 3

Secretary Dulles will attend the fourth meeting of the Southeast Asia Treaty Organization Council of Ministers to be held at Manila, March 11-13. This is the annual meeting of the foreign ministers of member countries at which the accomplishments of the year are reviewed and plans approved for future activities and development of the organization. Secretary Dulles participated in the three previous meetings held at Bangkok, Karachi, and Canberra, as well as in the 1954 negotiation of the treaty at Manila which brought SEATO into being.

Following the SEATO meeting Secretary Dul-

les will go to Taipei to attend the opening session on March 14 of a periodic meeting of the U.S. ambassadors to Far Eastern countries.

Prior to the Council meeting the SEATO military advisers will meet at Manila on March 6-9. The U.S. representative at this meeting will be Adm. Felix B. Stump, USN, Commander in Chief, Pacific, who is the U.S. military adviser for SEATO.

The U.S. delegation to the SEATO Council of Ministers meeting at Manila is as follows:

U.S. Representative

John Foster Dulles, Secretary of State

U.S. Council Representative

U. Alexis Johnson, Ambassador to Thailand

Senior Advisers

George V. Allen, Director, United States Information Agency

Andrew H. Berding, Assistant Secretary of State for Public Affairs

Charles E. Bohlen, Ambassador to the Philippines

John Irwin, Deputy Assistant Secretary of Defense for International Security Affairs

Thomas E. Naughten, Director, U.S. Operations Mission, Bangkok

G. Frederick Reinhardt, Counselor of the Department of State

Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs

Gerard C. Smith, Assistant Secretary of State for Policy Planning

Adm. Felix B. Stump, USN, Commander in Chief, Pacific

SECRETARY DULLES' DEPARTURE STATEMENT, MARCH 7

Press release 118 dated March 7

I go to meet, for the fourth time, with the Council of the Southeast Asia Treaty Organization. I am particularly gratified that this takes me to Manila again. It was there that 3½ years ago I participated with Senator Alexander Smith and Senator Mike Mansfield in the conclusion of the treaty by which SEATO was formed.

I look forward particularly to seeing again President García of the Philippines. He has been actively identified with SEATO since its beginning.

In Southeast Asia, SEATO has made its unique and vigorous contribution to peace and stability. It affords a protection against Communist subversion and aggression behind which the countries

of the treaty area can develop their programs for economic, social, and cultural betterment. At the forthcoming meeting the foreign ministers and other representatives of the SEATO countries will consider means by which we can together improve this protection and enhance its benefits.

On the way home I plan to stop 1 day in Taipei to participate in the opening of the regional meeting of our ambassadors in the Far East. This will also give me a welcome opportunity to confer with President Chiang Kai-shek and Foreign Minister Yeh.

I should like to revisit other countries in the area where the United States has so many valued friends, but this will have to be deferred to another time.

U.S. Announces Loans to India for Economic Development

DEPARTMENT ANNOUNCEMENT

Press release 102 dated March 4

The Development Loan Fund announced on March 4 that it has agreed to establish a \$75-million loan to India for the purchase of material and equipment for projects required in connection with the present Indian development program. At the same time the Export-Import Bank of Washington announced that it had agreed to extend a credit to India in the amount of \$150 million. These actions are taken pursuant to the offer of the United States announced January 16¹ to extend approximately \$225 million in loans to assist India in meeting its current economic problems.

According to Dempster McIntosh, Manager of the Development Loan Fund, items financed by the fund will be those for which financing of the type required is not customarily available from the Export-Import Bank, the International Bank for Reconstruction and Development, or private sources.

The arrangements resulted from negotiations between representatives acting jointly for the Export-Import Bank and the Development Loan Fund and a delegation from the Indian Government headed by B. K. Nehru, Secretary for Economic Affairs, Ministry of Finance.

¹ BULLETIN of Mar. 3, 1958, p. 337.

Purposes of the loan for financing imports into India are described as follows:

1. *Road Transportation Project:* For the assembly of truck, jeep, and bus components into completed units—a sum up to \$25 million. It is anticipated that this will enable India to assemble 16,000 trucks, jeeps, and buses.

2. *Railway Project:* To undertake railroad freight-car and coach assembly using structural steel and other steel products—up to \$40 million. This steel will enable India to produce 20,000 freight cars, 300 steam locomotives, 600 steel coaches, and 2,500 underframes. This project will complement an extensive railroad project being undertaken by the Government of India under loans extended to it by the International Bank for Reconstruction and Development.

3. *Cement Industry Project:* For equipment purchases necessary for the expansion of India's cement industry—an amount up to \$5 million.

4. *Jute Industry Project:* A similar amount of up to \$5 million for equipment purchases to modernize and expand the Indian jute industry.

Except for the railway project, the funds under this loan will go to the benefit of the private sector in India.

The loan from the Development Loan Fund will be repayable in local currency. Interest rates will be 3½ percent on the railway project and 5¼ percent on the others. Repayments will be made over a period of 20 years for the railway project and 15 years for the others.

Edward S. Lynch, Acting Chief of the Loan Division of the Development Loan Fund, along with top representatives of the Export-Import Bank, will go to New Delhi to conclude detailed arrangements for utilization of the credits. The joint mission will be headed by Hawthorne Arey, member of the Board of Directors of the Export-Import Bank.

STATEMENT BY SECRETARY DULLES

Press release 103 dated March 4

At 12:30 today [March 4] the Eximbank and the Development Loan Fund together with Indian representatives will meet with the press to announce the results of discussion with representatives of the Government of India on the implementation of the \$225 million of loans offered In-

dia by the United States to assist in meeting its current economic difficulties.

These discussions have been mutually satisfactory, and the announcement today will indicate the uses to which it is intended that the Eximbank and the DLF loan be put.

We recognize that the Indian problem of maintaining economic growth is one of great magnitude. It is the expectation of both parties that the funds from these \$225 million of loans will be expended for requirements of the next 12 to 18 months. We recognize that the free world has a tremendous interest in the outcome of India's efforts to improve its economic well-being in the framework of its democratic political institutions. As I indicated some weeks ago,² we hope that we, together with other free-world countries and the World Bank, can give the foreign-exchange requirements of the Indian program enough support in the form of loans so it will be possible for that program to continue in an adequate form.

Limitations on Oil Imports Into West Coast Area

Following is an exchange of notes between the United States and Canada on limitations on oil imports into the West Coast area of the United States.

U. S. NOTE OF FEBRUARY 19

The Secretary of State presents his compliments to His Excellency the Ambassador of Canada and has the honor to acknowledge the receipt of Note No. 30 of January 15, 1958, regarding the limitations on imports of oil into the West Coast area of the United States which were the subject of extensive discussion between the Governments of the United States and Canada during December 1957. The Government of Canada in its note indicates its realization of the pressing problem which the increases in oil imports in District V posed for the United States Government. It expresses the view, however, that Canadian oil should have been exempted from the arrangement designed to cope with the problem.

² *Ibid.*, Jan. 27, 1958, p. 131.

March 24, 1958

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A great deal of thought was given by the Department of State and other interested agencies of the United States Government to the District V oil import problem. The various points, which were so strongly advanced by representatives of the Canadian Government during December and which are restated in the Embassy's Note No. 30, were most carefully considered prior to the final decision to institute the arrangement now applicable to petroleum imports into District V. It was concluded, however, that it would not be possible in the circumstances to limit imports in a manner which discriminated in favor of particular countries or companies.

The action with respect to West Coast imports was taken to cope with a problem of current imports so great as to threaten to impair the domestic industry in that area. It is, however, an action which, in the opinion of the United States Government, will have relatively little impact on current purchases of oil from Canada by companies which have been buying in Canada.

The United States Government is firmly convinced of the importance of maintaining a vigorous domestic petroleum industry engaged in an expanding exploration and development effort. It appreciates fully that the Canadian Government has a similar view with regard to its petroleum industry. It considers that strong industries in both countries contribute importantly to the support of the defense efforts with which both Canada and the United States are associated.

It is intended to review oil import levels during the second quarter of 1958. The Secretary of State assures the Ambassador of Canada that the views of the Canadian Government will be further considered at that time.

DEPARTMENT OF STATE,
Washington.

CANADIAN NOTE OF JANUARY 15

No. 30

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to transmit the following views of the Government of Canada concerning the oil import restrictions which have been the subject of discussions between the two governments during the past few weeks.

The Government of Canada regrets that the Administration of the United States has extended its programme

of restrictions on oil imports in such a way that Canadian exports of oil to the West Coast area of the United States will be affected. This action has been taken in spite of the strongest possible representations made by the Canadian Government to the United States Administration on numerous occasions in recent weeks. The Canadian Government cannot accept the view that there is any justification for United States limitations on oil coming from Canada. This action appears to the Canadian Government to be in conflict with the provisions of the General Agreement on Tariffs and Trade, to be contrary to the principles of economic co-operation on defence matters agreed between our two governments, and to be inconsistent with the understandings reached on economic matters between all the members of the North Atlantic Treaty Organization at their recent meetings in Paris.

This recent action and, indeed, the whole United States oil import programme, have been based upon the proposition that oil if not restricted would be "imported into the United States in such quantities as to impair the national security". This proposition, in relation to sales of Canadian oil in the State of Washington, is in the view of the Canadian Government unsupportable. The refineries in the State of Washington were established with the actual encouragement of the United States defence authorities on the grounds that there is no local production of crude in that area, that water transportation of crude or oil products in wartime is vulnerable, and that the availability of an assured supply of Canadian crude to this area by pipe line is desirable for the security of supply of the petroleum requirements of the United States Pacific Northwest.

The General Agreement on Tariffs and Trade generally prohibits the use of import quotas and other restrictions. As for the security exceptions contained in GATT, the Canadian Government cannot see how these provisions can be invoked to justify barriers against oil imports from Canada.

The restriction of the export of Canadian oil to the United States appears to the Canadian Government to be contrary to the tenor and purpose of the principles for economic co-operation in defence matters that were formally confirmed in an exchange of Notes between our two governments in 1950¹ and are recognized by both governments to be valid and in effect. Particular reference is made to the following quotation from the Notes:

"It is agreed that our two governments shall co-operate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defence and that the production and resources of both countries be used for the best combined results."

It seems to the Canadian Government that the United States action in respect of oil imports accords ill with the **communiqué** issued at the close of the recent Paris meetings by the heads of the governments comprising the membership of the North Atlantic Treaty Organiza-

tion.² Attention is drawn in particular to the following two statements from the **communiqué**.

"We will cooperate among ourselves and with other free governments to further the achievement of economic stability, a steady rate of economic growth, and the expansion of international trade through a further reduction of exchange and trade barriers.

"We recognize the interdependence of the economies of the members of NATO and of the other countries of the free world."

The Government of Canada realizes that the substantial increase in oil imports into the West Coast area of the United States which took place in the latter half of 1957 constituted a pressing problem for the United States Administration. But the Canadian Government points out that Canadian oil played no part in this expansion; in fact, there was a reduction in the flow of Canadian oil to the State of Washington in this period. It was hoped and, indeed, expected that if oil imports into District V were to be restricted, some arrangement might be arrived at which would have the effect of exempting Canadian oil from restrictive action. It will be recalled that in the implementation of restrictions on oil imports into Districts I-IV inclusive, the formula applied was such that no immediate harm was done to Canadian sales in Northern Minnesota, Wisconsin and Michigan. While we fear that the normal expansion of our sales in this market, which we view as a natural and economic market for Canadian oil, may be slowed down by this action at some future time, no hardship has been suffered in the short period in which the import programme has been in effect.

We have pointed out previously that no sudden flood of Canadian oil into the Pacific Northwest area of the United States need be feared. Alberta, like Texas but unlike California, has already been pro-rating its production in relation to market demand. Like the Northern United States Middle West, the Pacific Northwest region of the United States constitutes a natural and economic market for Canadian oil and, in the event of an international emergency, that region would unquestionably depend to a very considerable degree on Canadian supplies of oil.

In the view of the Canadian Government, it would be unfortunate, wasteful and surely unnecessary to find the United States and Canada committing themselves to restrictive practices which would be uneconomic, and harmful rather than helpful to effective co-operation should an emergency arise. The long-term effects of this action should not be lost sight of. The artificial restriction of markets cannot help but have a discouraging impact on the search for additional oil in Western Canada—an area of tremendous strategic importance to the United States, since it is internal to the North American continent. From an economic point of view, the continental marketing pattern, which has been developing gradually in the years since the emergence of the oil industry in Western Canada, is surely the most efficient means of utilizing the petroleum resources of the United States and Canada. This pattern entails the movement of Canadian oil into areas of the United States which can be supplied by the

¹ For text, see BULLETIN of Nov. 6, 1950, p. 742.

² *Ibid.*, Jan. 6, 1958, p. 12.

domestic industry only at a relatively high cost. Thus the interests of the United States petroleum industry are not impaired.

Canada's importance as a customer of the United States petroleum industry should be emphasized. Oil flows both ways across the international boundary. In fact in 1956 (the latest year for which complete data are available), the value of Canada's imports of United States crude and petroleum products exceeded \$100 million, approximating the value of Canadian oil exports to the United States. Surely it is unwise to jeopardize this two-way trade which works to the benefit of both countries.

Finally, in the view of the Canadian Government the restrictions imposed by the United States Government against imports of Canadian oil must be judged in the context of overall trade relations between the two countries. These restrictions on the part of the United States cannot be viewed as an isolated action.

In the light of the considerations outlined in this Note, the Canadian Government urges that the United States Administration should reconsider its oil-import programme and remove the limitations which have been imposed on the importation of oil from Canada.

THE CANADIAN EMBASSY,
Washington, D. C.

Letters of Credence

Federal Republic of Germany

The newly appointed Ambassador of the Federal Republic of Germany, Wilhelm Grewe, presented his credentials to President Eisenhower on March 3. For texts of the Ambassador's remarks and the President's reply, see Department of State press release 97.

Presentation of Air Force Albums on "Operation Long Legs"

Press release 114 dated March 6

Secretary of the Air Force James H. Douglas on March 6 presented to Secretary Dulles and to Ambassador Mauricio L. Yadarola of Argentina and Ambassador Ernani do Amaral Peixoto of Brazil, for delivery to their respective presidents, leatherbound pictorial albums constituting the final report on "Operation Long Legs," which featured the U.S. Strategic Air Command flights to Argentina and Brazil in November 1957.

In response to an invitation from Argentina for U.S. participation in its Aviation Week, nu-

merous units of the U.S. Air Force took part in ground and aerial demonstrations in Buenos Aires.¹ At the request of the Government of Brazil, a number of the U.S. Air Force planes, en route home from Buenos Aires, stopped in Rio de Janeiro, where their demonstrations were repeated.

Highlights of the U.S. Air Force program were recordbreaking, nonstop flights of a KC-135 jet tanker from Maine to Buenos Aires and from Buenos Aires to Washington, and the nonstop, roundtrip flight of six B-52 bombers from Florida to Buenos Aires to New York.

Also present at the presentation ceremony in the diplomatic reception room were Minister Counselor Fernando J. Taurel and Air Attaché Maj. Gen. Manuel L. Alemán of the Argentine Embassy; Minister Counselor Henrique Rodrigues Valle and Air Attaché Maj. Brig. Ajalmar Vieira Mascarenhas of the Brazilian Embassy; Gen. Curtis LeMay, vice chief of staff, U.S. Air Force, who piloted the recordbreaking KC-135, and Maj. Gen. Arno H. Luehman, director, Information Service, U.S. Air Force; and from the Department, Counselor G. Frederick Reinhardt, Chief of Protocol Wiley T. Buchanan, Jr., and Assistant Secretary of State for Inter-American Affairs Roy R. Rubottom, Jr.

Denmark Relaxes Restrictions on Dollar Imports

Press release 85 dated February 24

The Government of Denmark announced on February 24 a further relaxation of import restrictions on dollar goods. The following is a joint statement by the U.S. Departments of Agriculture, Commerce, and State regarding this important trade development.

The United States Government welcomes an announcement by the Danish Government today that it is increasing liberalization of imports from the dollar area. This action will add a wide variety of goods to the list of commodities which can be freely

¹ For an exchange of letters between President Eisenhower and the Provisional President of Argentina on the occasion of Argentina's Aviation Week, see BULLETIN of Dec. 9, 1957, p. 929.

imported from the United States, and it will increase the liberalization level of Denmark's dollar imports from 55 to 66 percent, based upon private imports in 1953.

Among the commodities for which import restrictions have been removed are unground barley, oats and corn; dried figs, peaches and apricots; shelled almonds; artificial textile fibers and thread waste; animal and vegetable wax; coal, coke and cinders; various categories of unmanufactured and semimanufactured iron; textile machinery; aircraft engines; cameras and related equipment; and steel wire.

This voluntary action by the Danish Government is an example of the constructive action taken by those countries whose balance-of-payments position permits movement in the direction of freer trade. In the case of Denmark liberalization was made possible in part as a result of increased exports to the dollar area during recent years.

Other Western European countries which recently have freed imports from the United States include Germany, Sweden, the United Kingdom, and Norway. The latest available liberalization percentages for these countries are 93, 68, 59, and 86 percent, respectively.

President Requests Investigation of Effects of Tung Nut Imports

White House press release dated February 20

The President has requested the U.S. Tariff Commission to make an immediate investigation of the effects of imports of tung nuts on the domestic price-support program for tung nuts and tung oil and on the amount of products processed

in the United States from tung nuts or tung oil. The President's action was taken in response to a recommendation from the Secretary of Agriculture, who stated that such imports would circumvent the established quota on imports of tung oil. The Commission's investigation will be made pursuant to section 22 of the Agricultural Adjustment Act, as amended.

President's Letter to Chairman of Tariff Commission

DEAR MR. CHAIRMAN: I have been advised by the Secretary of Agriculture that there is reason to believe that tung nuts are practically certain to be imported under such conditions and in such quantities as will render or tend to render ineffective or materially interfere with the price support program for tung nuts and tung oil conducted by the Department of Agriculture pursuant to Section 201 of the Agricultural Act of 1949, as amended, or to reduce substantially the amount of products processed in the United States from domestic tung nuts and tung oil. The Secretary states that such imports would circumvent the established quotas on imports of tung oil.

The Tariff Commission is requested to make an immediate investigation under Section 22 of the Agricultural Adjustment Act, as amended, to determine if there is a need for import quotas on tung nuts or upon the oil content thereof, or for such other action as may be appropriate. The investigation should include inquiry into the possibility of counting the oil content of tung nuts against the quota on tung oil.

The Commission's findings and recommendations should be completed as promptly as possible.

Sincerely,

DWIGHT D. EISENHOWER

Economic Activities of the Soviet Bloc in Less Developed Countries

*Statement by Douglas Dillon
Deputy Under Secretary for Economic Affairs*¹

You have asked me to report to you on the scope and nature of Soviet-bloc activities in the foreign economic field. This, of course, is a large and complex subject, embracing as it does all aspects of the bloc's economic relationships with the rest of the world, ranging from aviation to East-West trade. There is, however, a new aspect of Soviet economic policy toward the free world which is becoming a matter of major concern to the United States. That is the economic offensive in the less developed countries. It is to this new economic challenge of international communism that I would like to address my remarks today.

The Department of State has received many inquiries from the public, the press, and the Congress for information on the Soviet economic offensive. In response to these the Department and the International Cooperation Administration have published summaries of the main features of the Soviet economic programs.² Also, the Department of State now has in preparation a more detailed study which will shortly be made available to the interested committees of the Congress. My remarks today are based largely on this material. When I speak of the Soviet economic offensive, or of the Soviet bloc, I mean to cover the whole of the international Communist system, including Communist China.

¹ Made before the Senate Committee on Foreign Relations on Mar. 3 (press release 96). For President Eisenhower's message to Congress on the mutual security program for 1959, see BULLETIN of Mar. 10, 1958, p. 367; for a statement made by Secretary Dulles before the House Committee on Foreign Affairs on Feb. 26, see *ibid.*, Mar. 17, 1958, p. 427.

² For a summary prepared in the Department of State, see *ibid.*, Jan. 27, 1958, p. 144.

The beginning of the Soviet economic offensive dates from about 1953 and corresponds roughly with the emergence of new leaders in the Kremlin after the death of Stalin. In the hands of the new leadership aid and trade have become a part of an intensive diplomatic campaign which has concentrated heavily on points of weakness within the free world and which has been conducted with vigor, imagination, flexibility, and dispatch.

The bloc economic offensive consists of three main elements:

First, the Soviet leaders have launched a wholly new program of economic assistance to the less developed countries outside the Communist bloc, a program which has now reached sizable proportions.

Second, they have stimulated a rapid increase in trade, both exports and imports, between the bloc and free-world countries.

And *third*, they have stepped up the flow of Communist technical assistance to free-world countries by sending bloc technical personnel abroad and by bringing free-world students into the bloc countries for technical training.

The economic package of aid, trade, and technical assistance is being displayed through an effective advertising campaign. High Soviet officials have made numerous well-publicized visits to underdeveloped countries. Bloc countries are participating energetically in fairs and exhibitions throughout the world. Trade missions are being sent to a large number of countries. Special international conferences in a setting favorable to the interest of communism have been promoted, such as the Afro-Asian Peoples' Solidarity Conference at Cairo.

It was at this conference in December 1957, which was attended by many non-Communist delegates from Asia and Africa, that the Soviet representative described the Communist economic package in its most attractive and colorful wrapping:

We do not seek to get any advantages. We do not need profits, privileges, controlling interest, concession or raw material sources. We do not ask you to participate in any blocs, reshuffle your governments or change your domestic or foreign policy. We are ready to help you as brother helps brother, without any interest whatever, for we know from our own experience how difficult it is to get rid of need. Tell us what you need and we will help you and send, according to our economic capabilities, money needed in the form of loans or aid . . . to build for you institutions for industry, education and hospitals. . . . We do not ask you to join any blocs . . . our only condition is that there will be no strings attached.

Now I would like to describe the three parts of the Soviet economic package in more detail.

The Bloc Aid Programs

As I have indicated, the basic policy decisions of the Kremlin which led to the economic offensive were probably made sometime in 1953 and appear to have been associated with the advent of new leadership and new policies, internal and external. The first bloc loan to a country outside the Communist bloc (apart from ordinary commercial credits) was in January 1954, when the Soviet Union extended to Afghanistan a loan of \$3.5 million for economic and technical assistance. By the end of 1954 bloc credits and grants to the less developed countries outside the bloc totaled \$10.6 million. By the end of 1955 they had risen to \$305 million. At the end of 1956 they were nearly \$1.1 billion, and at the end of last year, 1957, they totaled over \$1.9 billion. There have been offers of additional credits—notably one of about \$30 million to Ceylon—in the first 2 months of 1958.

I have here a chart [see table I] setting forth the country breakdown of bloc aid outstanding at the present time. This chart shows that, with the exception of Yugoslavia, a special case, bloc aid has so far been heavily concentrated in Asia and the Middle East. Egypt, Syria, India, Afghanistan, Indonesia, Ceylon, Cambodia, Nepal, and Yemen account for all but a small part of the total.

These are areas of the world where history, economics, and popular feeling have combined to make Soviet aid offers attractive to a degree not well understood by Americans. In order to under-

TABLE I
ESTIMATED SINO-SOVIET BLOC ASSISTANCE TO LESS
DEVELOPED COUNTRIES, AS OF FEBRUARY 1, 1958
(Millions of U.S. dollars)

	Economic	Arms	Total
Near East and Africa			
Egypt	235	250	485
Ethiopia	5		5
Syria	194	100	294
Turkey	10		10
Yemen	16	3	19
Total	460	353	813
South and Southeast Asia			
Afghanistan	136	25	161
Burma	42		42
Cambodia	22		22
Ceylon	20		20
India	295		295
Indonesia	109		109
Nepal	13		13
Total	637	25	662
Europe			
Iceland	5		5
Yugoslavia	464		464
Total	469		469
Latin America			
Argentina	6		6
Brazil	2		2
Total	8		8
Grand Total	1,574	378	1,952

NOTES:

1. The assistance figures shown are all credits except for grants of \$55 million by Communist China to Cambodia (\$22 million), Nepal (\$13 million), Ceylon (\$16 million), and Egypt (\$5 million).
2. Substantially all of the arms have been shipped.
3. Of the economic assistance of \$1,574 million, probably some \$200 million has actually been spent.
4. Of the total of \$1.9 billion in bloc assistance—arms and economic—over \$1 billion comes from the U.S.S.R. and most of the remainder from the Eastern European satellites.

stand, we need to remember that in all of these countries living standards are desperately low—the highest per capita income does not exceed \$110 a year—and that the local governments are necessarily committed as a matter of the highest domestic political priority to promote economic development as rapidly as possible. We need to remember, also, that most of these countries were formerly parts of the colonial empires of Western Europe and that this historical fact has understandably given rise to continuing hostility and to a tendency to blame present economic problems on previous political status. The people of these

countries have had no direct experience with the iron rule of Soviet imperialism. Finally, we have to remember the simple fact that, because the Soviet Union itself has recently risen from a backward economy to an industrialized economy, its offers of assistance have a special appeal to the people of these countries, most of whom are still unaware of the brutal methods of repression and privation through which the U.S.S.R. has forced its economic gains.

The bloc economic credits thus far extended to the less developed countries outside the bloc have been characterized by favorable terms from the viewpoint of the recipient countries. Typical bloc development assistance is in the form of a loan, although a few grants to countries in the Far and Middle East have been made. The customary interest rate is $2\frac{1}{2}$ percent. There is usually a period of 1 year or more after deliveries are completed before repayment of the loans must begin. The period of repayment is usually 12 years, which means that many of the loans run for 15 years or more from the beginning of deliveries.

An important feature of the repayment provisions, especially attractive to countries which find difficulty in selling their exports on the world market, is that the Soviet bloc is usually prepared to accept goods in repayment as an alternative to payment in convertible currencies.

Considerable publicity has been given to the low interest rate of $2\frac{1}{2}$ percent charged by the Communists. In contrast, United States loans carry substantially higher interest charges, which normally do not go below the cost of money to the United States Treasury, now about $3\frac{1}{2}$ percent. The Soviet rate of $2\frac{1}{2}$ percent approximates the rate charged domestically by the Soviet State Bank on short-term credits. The U.S.S.R. may have chosen the $2\frac{1}{2}$ percent rate as one which would preserve the nonpolitical appearance of the loans and yet symbolize the attractiveness of Soviet credits in contrast to those of the United States and other free countries. No doubt the Soviets would claim, as one of the benefits of communism, that capital costs are lower in Communist economies than in the free countries. Yet real capital costs must be extremely high in the Soviet Union, where consumption has been consistently and severely repressed in order to obtain the resources for capital investment. It is reasonable to conclude that the $2\frac{1}{2}$ percent rate of interest charged

by the Soviets on their credits to the less developed countries is a concealed subsidy.

The attractiveness of a loan must be judged by many factors and not only by the interest rate. For example, although United States development loans for overhead—that is, nonprofitmaking projects—would carry interest at $3\frac{1}{2}$ percent, repayment might be scheduled over a period as long as 30 or 40 years, thus reducing the size of annual payments. Also, in a number of cases loans from our Development Loan Fund could be repayable in local currency, thereby avoiding a burden on the balance of payments of the debtor country.

The developmental projects which are being financed by bloc assistance are often large-scale enterprises or programs having a substantial political and economic impact.

In India, for example, the U.S.S.R. has agreed to supply the equipment for a large and complete steel plant at Bhilai and to supervise its construction. The Soviet contribution of \$132 million in machinery and structural steel is financed by a 12-year loan at $2\frac{1}{2}$ percent repayable in convertible currency or goods. The plant will have an annual capacity of 1 million tons of ingots and 750,000 tons of rolled products and is scheduled to be in operation by 1959. In order to carry out the project a large number of bloc technicians and engineers have been sent to India. In addition, about 700 Indian skilled workers, technicians, and engineers will receive training in the U.S.S.R.

The Bhilai steel project, while small in comparison with steel plants in the United States, is of considerable significance to Indian economic development. This one plant will increase India's present steel capacity by 60 percent and will result in a savings of foreign exchange to India of some \$80 million yearly.

In Egypt the most spectacular of the Soviet credits was the Soviet-Egyptian arms agreement of 1955 through which Egypt mortgaged an important part of its future cotton crops in return for Soviet arms. However, the U.S.S.R. is now giving Egypt economic help as well. In November 1957 the Soviet Union agreed to provide \$175 million to finance machines and equipment for 65 projects in Egypt, including iron smelters, steel fabricating plants, shipyards, textile mills, and other enterprises. Shortly thereafter Czechoslovakia agreed to provide Egypt with an additional \$56 million in credits for industrialization. The

two credits together will provide 50 percent of the total foreign-exchange cost of Egypt's \$700-million industrial development program. The terms are similar to those agreed upon with India.

Egypt has a population of 23 million people who virtually depend upon the productivity of 6 million acres of land. The only possibility they have to increase their present low income of about \$110 per capita annually is to expand their agricultural acreage and to promote a greater degree of industrialization. This requires not only a favorable market for cotton but also a sizable inflow of long-term capital from abroad. In the current situation in the Middle East the Soviet Union is providing Egypt with some of both, thereby enhancing its prestige and influence in the area.

The recent Soviet development credit to Syria is a particularly interesting example of the bloc economic offensive not only because of its size in relation to the Syrian economy but because its full implementation could lead Syria into troubled economic waters. The Soviet-Syrian economic agreement of October 1957 provides that the U.S.S.R. will finance, over a 7-year period, about 30 percent of the cost of 19 major Syrian development projects, including hydroelectric power, irrigation works, railways and bridges, mineral exploration, and a fertilizer plant. If all projects are actually completed, the Soviet contribution would approximate \$168 million. However, if Syria is to defray the local-currency costs of all these projects, estimated at \$390 million, our economic experts believe that there would have to be a dangerous degree of money creation, resulting in serious inflation. The Communist prescription for meeting such a situation, of course, would be the introduction of complete state control of the economy in order that resources could be directed away from consumption into development.

I should point out that we do not yet know the method of implementing the Egyptian and Syrian economic agreements under the new United Arab Republic.

In Indonesia growing economic and political difficulties have attracted Communist interest. Repeated bloc offers of arms as well as economic aid have been made to Indonesia during the past few years. However, it was not until February of 1958 that the Indonesian Government ratified a major economic aid agreement with the U.S.S.R.

which had been negotiated in 1956. The agreement provides for a Soviet credit to Indonesia of \$100 million for industrial equipment, building materials, and resource surveys, as well as for Soviet-Indonesian cooperation in the field of atomic energy. The terms are like those for other Soviet credits, including a provision that Indonesia may repay in goods as well as convertible currency.

Bloc Technical Assistance

Along with the increasing flow of bloc aid, there has been a flow of bloc technicians, and the bloc has provided training facilities in the U.S.S.R. and the European satellites for visiting students and technical personnel from the free world. During the last half of 1957 alone we estimate that over 2,300 bloc technicians spent a month or more in 19 underdeveloped countries. Most of these—some 1,600—are associated with economic development projects. During the past year about 2,000 technicians and students from the underdeveloped countries have been brought to Moscow, Prague, Peiping, and other bloc centers for study and training. Of these some 500 have enrolled in universities or for other advanced training, often for a period of several years.

As in the case of credits, technical assistance rendered by the bloc is highly concentrated. About 80 percent of bloc technical personnel abroad are found in Egypt, Syria, India, Indonesia, and Afghanistan. Bloc technicians are reported to be competent in their field of specialization. Their living standards are much closer to those prevailing in the countries they visit than are the living standards of our own technical personnel. There is no evidence to indicate that they have as yet engaged in extensive or open propaganda activities. Yet it would appear inevitable that there is great opportunity for the spread of Communist ideology through the exchange of large numbers of students and technical people between the Soviet bloc and many of the less developed countries which have no strong traditions of political democracy or private enterprise.

To sum up the aid and technical assistance programs of the Soviet bloc: They have grown rapidly in little more than 3 years. They are now large enough to have a substantial economic and political impact in the selected areas. They are, so far at least, heavily concentrated in parts of the free world where conditions are most inviting. They are extended on terms favorable to the recipient,

both as to conditions of repayment and the form of repayment. They are accompanied by a large two-way flow of technical personnel between the bloc and recipient countries. They are undertaken with dispatch and are, on the whole, managed with competence.

It is not my purpose today to compare the bloc assistance programs with our own, which, taken as a whole, are much larger and extend over a much broader geographic area. I would like to point out, however, that, in the countries in which the bloc has centered its efforts, bloc economic assistance is sizable in comparison with that extended by the United States Government and American private enterprise. As you can see from this chart [see table II], between the middle of 1955 and early 1958 bloc economic assistance to certain countries of Asia and the Middle East amounted to more than \$1 billion. In roughly the same period, and for the same grouping of countries, United States governmental economic assistance and new U.S. private investment, mostly in the oil industry, together amounted to a little less than \$2 billion. The two totals are not strictly comparable because the bloc credits are to be drawn down over a period of years. Actual deliveries under the bloc economic credits are generally proceeding in accordance with agreed schedules but are still small in relation to total commitments. Nevertheless, it is clear that in this area the Soviet effort is substantial.

The Bloc Trade Program

Partly because of its novelty, the foreign-aid side of the bloc economic offensive has received more publicity in the free world than bloc trade. Soviet statements, however, have tended to stress international trade. A Soviet author states that "the most important form of economic cooperation of the U.S.S.R. with other powers, including the countries which are poorly developed in regard to economic relationships, is foreign trade."

Traditionally the Soviet Union has participated in world trade only to a negligible extent. The variety of Russia's economic resources has enabled it to carry out with considerable success the Soviet doctrine of autarky, or national self-sufficiency. The economies of the Eastern European satellites, on the other hand, have been historically tied to the international market, and their need for trade with the free world has continued despite economic

TABLE II

U.S. AND SINO-SOVIET BLOC ECONOMIC ASSISTANCE TO CERTAIN NEAR EASTERN AND ASIAN COUNTRIES, JULY 1, 1955-FEBRUARY 1, 1958

(Millions of U.S. dollars)

	ICA obligations	Other* U. S. Government	U. S.** private investment	Total U. S.	Total Sino-Soviet bloc
Afghanistan	33	14	(not available)	47	136
Burma	25	18	"	43	42
Cambodia	94	2	"	96	22
Ceylon	11		"	11	20
Egypt	2	14	"	16	235
India	126	293	"	419	295
Indonesia	27	97	"	124	109
Iran	114	26	"	140	
Iraq	7		"	7	
Israel	51	37	"	88	
Jordan	28		"	28	
Lebanon	16		"	16	
Nepal	7		"	7	13
Pakistan	204	68	"	272	
Philippines	63	72	"	135	
Saudi Arabia			"		
Syria			"		194
Thailand	73	2	"	75	
Turkey	166	56	"	222	10
Yemen			"		16
Grand Total	1,047	699	213	1,959	1,092

*Includes aid under Public Law 480, titles I and II, and Export-Import Bank credits.

**U. S. private investment for 3 years 1954-56.

NOTES:

1. Of the private investment figure for the United States—\$213 million—it is estimated that not less than 60 percent, or \$128 million, is in oil and not more than 40 percent, or \$85 million, in other types of investment. The figures relate to new U.S. private investment during the 3 calendar years 1954, 1955, and 1956.

2. U.S. Government assistance includes agricultural sales under Public Law 480, ICA obligations, and Export-Import Bank loans.

distortions imposed under Communist domination. In the bloc trade drive of the past few years the satellite countries have accordingly participated to a major degree, although there has been a substantial expansion of the trade of the Soviet Union itself.

The trade offensive has been spearheaded by the campaign to broaden the bloc's network of trade agreements with the less developed countries. These bilateral agreements usually express the willingness of both parties to engage in trade, establish the types of commodities that might be exchanged, sometimes set target quotas for these items, and arrange for the means of payment. The underlying principle of the agreements is barter—that is, a bilateral balance is sought in the exports and imports between the bloc country and the free-world country. The bloc's bilateral trade agreements with the less developed countries of the free

world—that is to say, with that part of the free world which has been the main target of the bloc aid program—numbered only 49 in 1953. By the end of 1957 their number had grown to 147.

Bilateral trade agreements, accompanied by aggressive advertising through trade fairs and exhibitions, have enabled the bloc to increase its trade with the less developed countries to over \$1.4 billion in 1956. This was an increase of 27 percent over 1955 and of 70 percent over 1954. In 1957 bloc trade with these areas probably rose by another 20–25 percent.

Except in a few cases, bloc trade with the less developed countries has not reached the point where dependence on the bloc market has become critical. The questions are rather the trend of the trade as a whole and the growing bloc capability to create dependence in selected markets. In 1953 the bloc accounted for only 12 percent of Egypt's exports; but in 1956 it absorbed 34 percent and last year, 1957, about 46 percent. A similar pattern has already emerged in Iceland's trade and is now developing in Syria. Broadly speaking, throughout Asia and the Middle East trade with the bloc has increased faster than trade with the free world. With certain Latin American countries, also, the bloc share of trade has increased since 1953.

It is clear that, wherever bloc aid programs expand, trade expansion will follow. As bloc credits are drawn down by the recipient nations, imports from the bloc will increase. And as these credits are paid off, frequently in commodities, exports to the bloc will grow. The trade and aid programs of the bloc are, therefore, closely related to one another.

The Soviet bloc has also engaged in opportunistic trading activities as an entering wedge in situations favorable to its political interest—a modern form of economic warfare. It has taken advantage of Burma's temporary rice surplus, Egypt's cotton-disposal problem, and Iceland's difficulty in marketing fish to increase its economic relations with those countries. It has recently tried to arrange a tie-in barter and aid deal for Sudan's cotton, which was hard to move because it was priced above the world market. Expedient offers have been made to buy other products from free-world countries faced with marketing difficulties, including Uruguayan wool and Colombian coffee. Resentment at restrictive features of free-world

commercial policies is exploited by Communist propaganda, which also plays upon the widespread feeling in underdeveloped countries that the industrial countries of the free world can somehow manipulate the terms of trade to the disadvantage of exporters of primary products.

Their own theories, which predict the decline of the free-enterprise system, have made the Communists quick to exploit any weaknesses which they perceive in international economic relations within the free world. Communist doctrine has steadfastly held that our free system is in a state of crisis, characterized by domination of the underdeveloped countries by the industrialized countries, periodic deep depressions, and economic class warfare. The development of a Communist market in the field of trade is portrayed by the leaders of the Kremlin as helping the less developed countries to reduce their economic dependence on the United States and Western Europe, thus furthering their political independence and national sovereignty. In this context, anything the bloc does to exacerbate tensions within the free world is considered "giving history a push" in hastening the decline of a decadent "Western imperialist capitalism."

Bloc Capabilities

The bloc economic offensive has already gained momentum. How much farther can the Soviet leaders use the economic power of the bloc to advance the political objectives of international communism?

The answer to this question depends partly upon the economic resources available within the bloc and partly upon the policy of the Soviet Union.

The rapid growth of the economy of the U.S.S.R. is a matter of record. Its gross national product is now estimated at \$170 billion. It has been growing at an average annual increase of 7 percent, as compared with 4 percent for the United States. Soviet industrial growth is increasing even more rapidly. It is now advancing at an annual average rate of 8 or 9 percent, as compared with 4 percent for the United States. The U.S.S.R. is now the second greatest industrial power in the world.

The U.S.S.R. also has at its disposal the resources of a large part of Eastern Europe, including the industrial economies of Czechoslovakia and East Germany.

The entire bloc, including Communist China, has a gross national product of \$280 billion. It produces in quantity the principal kinds of manufactures, including machinery and capital goods, which the less developed countries require for their economic development. It is also capable of arranging its economy so as to absorb large amounts of raw materials and foodstuffs from the rest of the world—cotton, wool, hides, rubber, nonferrous metals, oilseeds, rice, sugar, cocoa, and the like.

There is little doubt, therefore, that from the technical-economic viewpoint the bloc can greatly intensify its economic relations with the less developed countries of the free world. Also, it can probably do this with economic benefit to itself. Industrial growth within the bloc, which has increased much more rapidly than has the output of agriculture and raw materials, probably would now make it economically advantageous to the bloc to encourage expanded trade with the free world, exchanging in increasing degree bloc industrial goods for free-world foodstuffs and raw materials.

It should be observed, also, that its aid programs constitute an economic drain on the bloc only in the short run. Eventually such aid, which consists almost entirely of credits, brings its return in imported goods. It is probable, therefore, that continuing expansion in economic assistance to free-world countries could be undertaken without a serious long-term strain on the bloc resources.

The principal limitation on the bloc's engagement in international aid and trade would appear to lie in the desire of the Soviet Union to avoid substantial dependence of the bloc on trade with countries not subject to its political domination. In other words, it seems probable that the bloc will not expand trade with the free world to the point where it would have difficulty in doing without imported supplies, or that it will confine large-scale expansion to areas which it can hope to dominate politically in the future.

Yet the Communist desire for self-sufficiency still leaves large room for increasing the present levels of aid and trade. Despite its considerable growth, the bloc program of military and economic aid to the underdeveloped countries, amounting to some \$2 billion between 1954 and 1957, constituted less than 1 percent of the gross national product of the Soviet Union and Eastern European satellites for 1 year. Also, the total exports of the

Soviet bloc in 1957 to the whole of the free world probably amounted to less than 2 percent of its gross national product, or less than half the ratio which prevails for the United States.

The bloc, in short, can throw into the scale sizable economic resources not only without damage to itself but probably with positive economic benefit. Whether it will do so will depend upon the calculations of the Soviet strategists, who will weigh the political advantages of more trade and aid against the dangers of undue economic dependence of the bloc on the outside world.

In 1955 Mr. Khrushchev told a group of visiting United States Congressmen that "we value trade least for economic reasons and most for political purposes." The Soviet economic offensive is an arm of Communist foreign policy. We should anticipate that it will be pushed wherever the diplomacy of the Kremlin decides that it can be useful in gaining good will for the Soviet Union, spreading Communist ideology, disrupting economic relations within the free world, bringing free-world countries into the political orbit of the bloc, and encouraging hostility to the United States and its allies. The extent to which the Soviet bloc can succeed in furthering these purposes through trade and aid will be importantly influenced by our own actions. For if we fail to carry forward our own trade agreements program, thereby offering to the world only diminishing prospects of trade with us, the opportunities open to the Soviet strategists will be correspondingly enlarged.

In closing, Mr. Chairman, I would like to quote a few lines from President Eisenhower's message to the Congress on the mutual security program on the attitude which our Government should adopt toward the Soviet economic offensive:

"If the purpose of Soviet aid to any country were simply to help it overcome economic difficulties without infringing its freedom, such aid could be welcomed as forwarding the free world purpose of economic growth. But there is nothing in the history of international communism to indicate this can be the case. Until such evidence is forthcoming, we and other free nations must assume that Soviet bloc aid is a new, subtle, and long-range instrument directed toward the same old purpose of drawing its recipient away from the community of free nations and ultimately into the Communist orbit."

Progress Report on the Agricultural Trade Development and Assistance Act

SEVENTH SEMI-ANNUAL REPORT ON ACTIVITIES UNDER PUBLIC LAW 480 JULY 1—DECEMBER 31, 1957¹

To the Congress of the United States:

I am transmitting herewith the seventh semi-annual report on activities carried on under Public Law 480, 83d Congress, as amended, outlining operations under the act during the period July 1 through December 31, 1957.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 4, 1958.*

THE WHITE HOUSE,
Washington, January 28, 1958.

Memorandum for the President:

The problem that led to the enactment of Public Law 480 remains, in spite of active and, I think, efficient operations under that act.

As Chairman, Interagency Committee on Agricultural Surplus Disposal, established by you on September 9, 1954, I am pleased to submit this seventh semiannual report on activities carried on under Public Law 480. I believe it to be in form suitable for your transmittal to the Congress as required by section 108 of the act.

CLARENCE FRANCIS.

Introduction

This report deals with activities under the several Public Law 480 programs during the first 6

¹ H. Doc. 323, 85th Cong., 2d sess.; transmitted on Feb. 4. For texts of the first six semiannual reports, see BULLETIN of Jan. 31, 1955, p. 200; Aug. 1, 1955, p. 197; Jan. 23, 1956, p. 130; Aug. 6, 1956, p. 230; Feb. 4, 1957, p. 183; and Aug. 12, 1957, p. 281.

months of fiscal year 1958. During the period covered by this report, Public Law 128 amended the act by (1) increasing the title I authority from \$3 billion to \$4 billion, (2) increasing the title II authority from \$500 million to \$800 million, (3) extending the termination dates of both title I and title II from June 30, 1957, to June 30, 1958, (4) amending section 104 (e) to provide that up to 25 percent of foreign currencies received under each title I agreement shall be made available for loans, largely to United States firms and their affiliates, to assist in the development and expansion of private business in the countries with which agreements are made, and (5) permitting barter transactions with European satellite nations and use of authority under section 416 of the Agricultural Act of 1949 (sec. 302, Public Law 480) to donate commodities in these nations.

The authority under titles I and II of this act, as amended, expires June 30, 1958. The conditions which prompted this special legislation will exist beyond that date. Accordingly, another limited extension of these titles has been recommended.

SUMMARY

During the period July–December 1957, programming of surplus agricultural commodities under the three titles of the act totaled \$591.2 million, bringing to \$5,823 million the total amount of programs since the beginning of operations under the act.

Since the beginning of the program, agreements for the sale of agricultural commodities for foreign currency under title I total \$3,343.2

million estimated CCC cost² (\$2,300.8 million at export market value), of which \$332.8 million (\$205 million at export market value) represents agreements signed during the period covered by this report.

Shipments under title I since the beginning of the program total about \$1,650 million at export market value, of which approximately \$250 million was shipped during the July-December 1957 period.

Cumulative authorizations for emergency relief and other assistance abroad under title II of the act totaled \$390.7 million at CCC cost, of which \$40.4 million was authorized during this period. Cumulative donations for foreign and domestic relief through nonprofit voluntary agencies and intergovernmental organizations under title III of the act amounted to \$1,216 million at CCC cost, of which \$215 million was donated during this period. Cumulative barter contracts entered into under title III amounted to \$873.1 million at export market value, of which \$3 million represents contracts entered into during this period. Although the figures cited for the different programs are not comparable, the amounts shown give an indication of the value of commodities being moved or committed under these programs.

Title I. Foreign Currency Sales

AGREEMENTS SIGNED

Seven agreements, or supplements to agreements, involving a CCC cost of approximately \$332.8 million, were entered into with seven countries during the period July-December 1957. The commodity composition, export market value, and CCC cost of these agreements are shown in table I.

One hundred and seven agreements, or supplements to agreements, with a total CCC cost of \$3,343.2 million, have been entered into with 35

² As used in this report, CCC cost represents the cost of commodities to the Commodity Credit Corporation; including investment, processing, handling, and other costs. Export market value reflects the price at which these commodities are sold by United States exporters under the program. The export market value figures are less than the CCC cost for those commodities for which special export programs have been developed for dollar as well as foreign currency sales to meet competition in international trade. [Footnote in original.]

TABLE I.—Commodity composition of agreements signed, July-December 1957

Country	Unit	Approximate quantity	Export market value	CCC cost
			Millions	Millions
Wheat and wheat flour.....	BusheL.....	¹ 51,994,000	\$87.9	\$139.8
Feed grains.....	do.....	² 31,524,000	40.0	91.9
Rice.....	Hundredweight.....	2,182,000	14.4	22.6
Cotton.....	Bale.....	122,600	19.5	25.7
Tobacco.....	Pound.....	4,731,000	2.7	2.7
Dairy products.....	do.....	54,284,000	13.4	23.0
Fats and oils.....	do.....	16,764,000	2.4	2.4
Fruits.....	do.....	882,000	.1	.1
Total commodities.....			180.4	308.2
Ocean transportation.....			24.6	24.6
Total, including ocean transportation.....			205.0	332.8

¹ Wheat and wheat equivalent of flour.

² Corn, 30,700,000 bushels.

TABLE II.—Commodity composition of all agreements signed through Dec. 31, 1957

Commodity	Unit	Approximate quantity	Export market value	CCC cost
			Millions	Millions
Wheat and wheat flour.....	BusheL.....	¹ 507,252,000	\$851.8	\$1,462.4
Feed grains.....	do.....	² 107,776,000	135.4	244.5
Rice.....	Hundredweight.....	25,507,000	165.0	289.1
Cotton.....	Bale.....	2,813,400	425.8	595.2
Cotton linters.....	do.....	15,400	.3	.3
Meat products.....	Pound.....	150,962,000	40.4	40.4
Tobacco.....	do.....	165,591,000	113.4	113.4
Dairy products.....	do.....	152,253,000	35.7	59.3
Fats and oils.....	do.....	1,777,768,000	277.6	283.2
Poultry.....	do.....	3,000,000	1.2	1.2
Dry edible beans.....	Hundredweight.....	44,000	.4	.4
Fruits and vegetables.....	Pound.....	124,834,000	5.9	5.9
Seeds.....	Hundredweight.....	9,000	.4	.4
Total.....			2,053.3	3,095.7
Ocean transportation.....			247.5	247.5
Total, including ocean transportation.....			2,300.8	3,343.2

¹ Wheat and wheat equivalent of flour.

² Corn 56,815,000 bushels; oats, 5,806,000 bushels; barley, 33,143,000 bushels; grain sorghums, 12,012,000 bushels.

countries since the inception of the program. The commodity composition, export market value, and CCC cost of these agreements are shown in table II.

SHIPMENTS

Title I shipments since the beginning of the program totaled approximately \$1,650 million at export market value through December 31, 1957, of which about \$250 million was shipped during the reporting period. The export market value of commodities programed under all agreements signed through December 31, 1957, was \$2,053.3 million (excluding ocean-transportation costs).

Shipments during the reporting period dropped

sharply from the high levels attained in the January-June 1957 period because of reduced programing during calendar year 1957. The reduction in programing resulted from the limited availability of funds during the first 7 months of calendar year 1957 prior to extension of the program by the Congress and the time required to develop and negotiate country agreements following the increase in authorization. It is expected, however, that shipments will increase substantially during the next 6 months.

USUAL MARKETINGS

In accordance with the provisions of title I, appropriate assurances have been obtained from participating governments which require reasonable safeguards that sales of agricultural commodities for foreign currencies shall not displace United States usual marketings or be unduly disruptive of world market prices. Also, sales for foreign currencies under title I generally have been made at prices comparable to those prevailing in the market for export sales for dollars.

ROLE OF PUBLIC LAW 480 PROGRAMS

The sixth semiannual report provided statistics on exports under Public Law 480 compared with total exports during the fiscal year ending June 30, 1957. A similar analysis will be made in the next report for the year ending June 30, 1958.

ACCOUNTING FOR TITLE I COSTS

The CCC cost of commodities included in agreements signed through December 31, 1957, is estimated at \$3,095.7 million. This includes the costs of acquisition of commodities at domestic support prices, storage costs, processing, and inland transportation. In addition, CCC will pay ocean-transportation costs of \$247.5 million for commodities required to be shipped on private United States-flag vessels. These commitments total \$3,343.2 million.

The United States Government will receive foreign currencies in payment for the export market value of these commodities and the ocean transportation financed. The export market value of these commodities is \$2,053.3 million, which is \$1,042.4 million less than their cost to CCC.

The total CCC cost of \$3,343.2 million is charged to agricultural programs as a surplus-

disposal operation. At the end of each fiscal year the realized loss is calculated and an appropriation is requested to reimburse CCC. Appropriations totaling \$704 million have been made to reimburse CCC for losses realized through June 30, 1956. An appropriation of \$1,290.8 million for costs during fiscal year 1957 will be requested at this session of Congress.

PROGRAMS CARRIED ON THROUGH THE USE OF PUBLIC LAW 480 FOREIGN CURRENCIES

The previous semiannual report indicated that the use of local currencies has been beneficial to other programs of the Government although it is not possible to measure the monetary value of these benefits. The principal types of foreign-currency uses are:

Loans and grants.—This category involves development loans under section 104 (g), military aid for the common defense under section 104 (c), development grants under section 104 (e), and loans to certain private investors, also under section 104 (e). The provision to the purchasing country of a substantial amount of local currencies for these purposes has been important in concluding sales agreements. The amount of \$1,599 million in foreign currencies is to be used for these purposes under agreements signed through December 31, 1957.

Other nonreimbursable uses.—Public Law 480 authorizes eight uses of sales proceeds which permit an expansion of certain agency programs beyond current appropriations without reimbursement by the agency concerned. These uses are pursuant to sections 104 (a), (b), (d) when authorized, (f) for travel expenses of congressional committees, (h), (i), and the two uses authorized by (j). The existence of title I funds has permitted the expansion of these programs without the necessity of increasing direct program appropriations. Through December 31, 1957, \$56 million had been allocated for expansion of these programs.

Military housing.—Use of foreign currencies for the construction of military family housing abroad as authorized by Public Law 161, 84th Congress, supplements the current Defense Department construction appropriation. On the other hand, over the years, dollar reimbursement of the capital cost of the housing will be made to CCC out of appropriations for the quarters allow-

ances of the personnel occupying the housing. It is estimated that 15 to 20 years will be needed to effect full reimbursement without interest, assuming full occupancy and normal maintenance costs. Through December 31, 1957, \$73 million in foreign currencies had been allocated for this purpose.

Purchase by agencies.—Certain currency uses are subject to section 1415 of the Supplemental Appropriations Act of 1953 and are chargeable to agency appropriations. The dollar proceeds result in a credit to CCC. The great bulk of this category consists of moneys used under section 104 (f) to pay United States obligations. These funds are transferred to Treasury for sale to any agency for any purpose for which an appropriation has been provided. Through December 31, 1957, the Treasury was authorized to sell \$188 million of currency proceeds. This includes \$8 million equivalent purchased by ICA under section 104 (d).

Unallocated.—Allocations had been made for all except \$378.4 million equivalent of expected sales proceeds as of December 31, 1957. This total consists of foreign currencies to be generated under recent agreements, amounts held awaiting the completion of negotiations concerning proposed uses or the determination of the final amount of sales proceeds, and amounts held for eventual sale by the Treasury as needed.

ADMINISTRATION OF FOREIGN CURRENCIES

Title I sales agreements specify the amounts of currencies to be used for various purposes. The amount for United States use is often provided for in a lump sum to afford greater flexibility in using these funds. When commodities are sold under the program, the foreign currency is deposited to the account of the United States disbursing officer in the embassy who reports monthly on these accounts to the Treasury Department. The Treasury Department establishes and administers regulations governing the custody, deposit, and sale of the currencies.

The amount of sales proceeds to be used for economic development loans to governments under section 104 (g) and to private enterprise under section 104 (e) is determined in the title I sales agreements. Allocations authorizing other currency uses are issued by the Bureau of the Budget.

Agencies desiring to use currencies apply to the Bureau for an allocation, in some instances before deposits have been made. Applications are reviewed by the Bureau in the light of discussion of possible currency uses held at the time of negotiation of the agreement, analysis of the requesting agency's program requirements in relation to available appropriated funds, and other possible competing uses for currency.

Agencies, however, must await apportionment of currencies by the Bureau of the Budget before incurring actual obligations against such allocations. The apportionment process is used by the Bureau of the Budget to permit some programs to go forward before receipt of total sales proceeds, to insure that total obligations for all programs do not exceed cash availabilities, and to permit further program review in the event of any changes in circumstances since the time of allocation.

The responsibility for administering the expenditure of foreign currencies is assigned by Executive order to various agencies as follows:

Authority	Currency use	Responsible agency
Sec. 104:		
(a)....	Agricultural market development.	Department of Agriculture
(b)....	Supplemental stockpile.....	Office of Defense Mobilization
(c)....	Common defense.....	International Cooperation Administration and Defense Department.
(d)....	Purchase of goods for other countries.	ICA.
(e)....	Grants for economic development.	ICA.
(e)....	Loans to private enterprise.....	Export-Import Bank of Washington.
(f)....	Payment of United States obligations.	Any agency.
(g)....	Loans to foreign governments.....	ICA.
(h)....	International educational exchange.	Department of State.
(i)....	Translation of books and periodicals.	U. S. Information Agency
(j)....	American-sponsored schools and centers.	State and USIA.

The following table III shows the status of foreign currencies by country. The agreement amounts are those set forth in agreements entered into and allocations and apportionments issued through December 31, 1957. The latest available complete data on deposits are for November 30, 1957.

Under agreements entered into during the July-December period the dollar equivalent values of planned foreign currency uses for the 10 purposes specified in section 104 of the act are shown in table IV.

TABLE III.—Status of foreign currencies under title I,
Public Law 480

[In million dollars equivalent]

Country	Agreement amounts as of Dec. 31, 1957	Deposits as of Nov. 30, 1957	Allocated as of Dec. 31, 1957	Appor- tioned as of Dec. 31, 1957
Argentina.....	31.1	29.3	30.7	10.2
Austria.....	43.2	28.7	36.2	24.6
Bolivia.....	6.8	—	5.5	—
Brazil.....	179.9	68.2	163.9	26.2
Burma.....	22.7	20.7	20.1	2.0
Chile.....	40.2	38.3	35.4	7.5
China (Taiwan).....	9.8	9.3	9.6	8.1
Colombia.....	29.2	20.5	27.8	14.2
Ecuador.....	8.1	6.0	7.7	5.0
Egypt.....	19.5	19.0	17.8	4.2
Finland.....	27.2	25.2	15.4	6.0
France.....	4.6	2.1	1.9	.8
Germany.....	1.2	1.2	1.1	1.1
Greece.....	66.3	45.4	59.2	38.0
Iceland.....	2.8	1.4	2.2	1.5
India.....	360.1	224.1	252.2	72.5
Indonesia.....	98.7	86.2	81.9	2.5
Iran.....	12.9	11.0	12.0	5.4
Israel.....	87.3	53.4	68.4	38.1
Italy.....	128.1	106.0	115.0	56.6
Japan.....	151.4	144.2	138.9	137.4
Korea.....	82.3	77.0	63.5	52.8
Mexico.....	28.2	—	20.7	—
Netherlands.....	.3	.3	.3	.3
Pakistan.....	186.1	119.8	132.8	32.6
Paraguay.....	3.0	2.9	2.8	2.5
Peru.....	14.4	10.1	13.8	9.8
Philippines.....	10.3	.7	5.2	—
Poland.....	65.4	36.6	2.6	2.6
Portugal.....	7.2	7.1	5.5	5.2
Spain.....	184.3	175.2	155.7	49.3
Thailand.....	4.6	3.8	3.8	1.7
Turkey.....	111.6	109.1	107.9	49.5
United Kingdom.....	35.6	33.4	27.4	27.4
Yugoslavia.....	230.4	219.2	147.1	58.7
Total.....	¹ 2,294.8	1,735.4	¹ 1,792.0	754.3

¹ Subject to adjustment.

² Total market value is \$6,000,000 less than shown in table II which is the estimate of ocean freight differential in the agreement with India for which no rupee deposits will be required.

³ Does not include \$126.2 million equivalent which, under the terms of sales agreements, is to be used for common defense or economic development, for which formal allocations have not yet been issued.

TABLE IV.—Planned uses of foreign currency under agree-
ments signed during July to December 1957

	Million dollar equiva- lent	Percent of total
Agricultural market development (sec. 104 (a)) ¹	4.0	2.0
Purchases of strategic material (sec. 104 (b)) ¹	—	—
Common defense (sec. 104 (c)).....	5.0	2.4
Purchase of goods for other countries (sec. 104 (d)) ¹2	.1
Grants for balanced economic development and trade among nations (sec. 104 (e)).....	—	—
Loans to private enterprise (sec. 104 (f)).....	35.7	17.4
Payment of United States obligations (sec. 104 (f)) ¹	71.4	34.8
Loans to foreign governments (sec. 104 (g)).....	82.0	40.0
International educational exchange (sec. 104 (h)) ¹	3.3	1.6
Translation, publication, and distribution of books and periodicals (sec. 104 (i)) ¹	1.0	.5
Assistance to American-sponsored schools, libraries, and community centers (sec. 104 (j)).....	2.4	1.2
Total.....	² 205.0	100.0

¹ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under sec. 104 (a), (b), (f), (h), and (i). In some instances, possible uses under sec. 104 (d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (h), and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

² Includes ocean transportation financed by CCC.

Agricultural market development.—Section 104 (a): This section provides for export market development through the use of foreign currencies to maintain or expand present export markets or to develop new foreign markets for United States agricultural commodities.

The export market development program under this authority to date consists of a series of activities carried out either as cooperative, Department of Agriculture, or trade-fair projects. Cooperative projects to be carried out by United States trade and agricultural groups have received primary emphasis and constitute the major market development effort under this program.

A market development project may be initiated by a trade group, a private research organization, an institution such as a land-grant college, an international organization, or by the Department of Agriculture.

Factors considered in evaluating a proposed market-development project include possibilities of the project's success in terms of its contribution to increased United States exports, its long-range effect on total United States agricultural exports, the extent to which the United States trade group represents the commodity interest concerned, the extent to which the project is in harmony with United States foreign trade policy and international obligations, the importance of the commodity or commodities to United States agriculture and the proposed financing of the project. Cooperating trade and agricultural groups are required to make financial contributions to projects.

Approved projects with trade organizations (project cooperators) are carried out in accordance with the terms of market development agreements between the United States and these organizations. Such agreements include a description of work to be done, financing, administration, title, and termination provisions. Periodic reports on the status of projects are made available to interested United States trade groups. In addition, United States agricultural attachés abroad report on the projects operating in their areas.

During the reporting period, 52 new market development projects were put into operation, including trade fair activities. This brings the total number of such projects to 163 since this market development program began in 1955. Foreign currencies obligated or authorized for projects approved in the period July–December 1957 totaled

approximately \$2.4 million equivalent, bringing the total for market development activities to about \$9.1 million since this program began, including general operating costs and trade fairs. Cooperating trade and agricultural groups have contributed over \$2.8 million to date, bringing the overall program to \$11.9 million (table V).

TABLE V.—Summary of sec. 104 (a) export market development projects for specified periods

Periods	Number of projects ¹	USDA contribution ²	Cooperator contribution	Total
		Thousands	Thousands	Thousands
Fiscal year 1956.....	17	\$1,426	\$166	\$1,592
Fiscal year 1957.....	94	5,300	2,270	7,570
July to December 1957.....	52	2,385	364	2,749
Total.....	163	9,111	2,800	11,911

¹ Cooperator, trade fair, and Department of Agriculture projects.

² Approximate dollar equivalent of foreign currencies when projects approved.

Market development projects cover a wide range of United States farm commodities, including cotton; dairy products; fruits; grain and grain products, including rice and beans; livestock and livestock products; poultry and poultry products; seed; soybeans and soybean products; and tobacco. In addition to trade fairs, types of market development activities include market surveys; promotion of better nutrition; demonstrations; exchange of trade personnel; commodity or product promotion, including advertising; and other market development techniques designed to expand export markets for United States agricultural commodities. Market development work under this program covers 28 countries to date.

Trade fairs.—During the reporting period, agricultural trade promotion exhibits were presented at four international fairs. This brings the number since the enactment of Public Law 480 to 20 international exhibits, reaching some 12 million people in 12 different countries.

Exhibits of United States agricultural commodities in these fairs are organized through trade groups. Generally, a participating industry or trade group provides exhibit ideas, technical personnel, display materials, and, in some cases, commodities for use as samples. The United States Government organizes and manages the exhibits; rents space; arranges for design, construction, and operation of the exhibits; provides transportation of exhibit material and travel expenses and per diem of industrial technicians and commodity

specialists participating in the cooperative arrangement.

The major agricultural exhibition in the second half of 1957 was at Cologne, Germany, where the demountable pavilion previously used in Barcelona was set up at the ANUGA Food Fair. In addition to serving as a showcase for displaying United States agricultural products to German consumers, the exhibit was an effective meeting place for German and American businessmen. At the United States pavilion, informal luncheons and conferences were helpful in promoting trade relations. Means of easing import restrictions and meeting other trade barrier problems were discussed and business contacts established.

Commodities displayed at Cologne were citrus, deciduous, canned and dried fruits; poultry and poultry products; lard and meat products; wheat and wheat products; honey; fresh frozen and fresh prepared foods; tobacco; and soybeans and soybean products.

At three other trade fairs in the July–December period, the Department of Agriculture assisted in planning, staffing, and financing agricultural sections of exhibits directed by the Department of Commerce. These were at Salonika, Greece, where livestock feeds and feed grains were stressed; Izmir, Turkey, where the feature was ice cream made from United States butterfat and dry milk; and Zagreb, Yugoslavia, where a supermarket exhibit was presented. The opening of commercial supermarkets in Rome was evidence of the success of a supermarket exhibit held earlier in that city. A significant feature of this development is the fact that these new markets are stocking many lines of United States prepackaged foods which had not been made widely available in Italy before.

The distribution of samples of United States farm products is a regular feature of these market promotion exhibits. Products usually served as samples include recombined milk, ice cream and cheese; citrus juices; doughnuts, bread and pastry from United States wheat flour; and cigarettes using United States tobacco. Other sampling activities have included frankfurters, lard, potato chips fried in soybean oil, and popcorn. This gives many people their first opportunity to taste American farm products.

Purchase of strategic materials.—Section 104 (b): No local currency was earmarked for this purpose under title I agreements entered into

during the reporting period. The total amount of local currency earmarked to date for the purchase of strategic materials has been reduced from \$7.2 million to \$2 million. By agreement in one country a commitment for which \$3.2 million in local currencies had been allocated has been canceled and it has been decided to use funds reserved in two other countries for other United States purposes.

Common defense.—Section 104 (c): This section of the act provides for the use of foreign currency for the procurement of military equipment, materials, facilities, and services for the common defense. During the reporting period \$5 million equivalent was earmarked for this purpose, bringing the total amount planned for common defense to \$249.5 million. Table VI summarizes uses under this section and indicates the amounts planned in each country.

TABLE VI.—*Procurement of military equipment, materials, facilities, and services for the common defense since beginning of program*

Country	Amount planned (thousand-dollar equivalent)	Description of project
Bolivia.....	20	Supplemental financing of Inter-American Geodetic Survey mapping projects.
Brazil.....	2,000	No specific projects determined.
Chile.....	100	Approximately \$60,000 of this amount will be used to help finance Inter-American Geodetic Survey mapping projects.
China (Taiwan).....	4,000	Various projects including petroleum pipelines, drydock pier, construction of ammunition depot and powder plant, and naval medical research unit.
Colombia.....	60	To help finance Inter-American Geodetic Survey mapping projects.
Iran.....	5,900	\$2.5 million for procurement of a specified list of military items and services including food items, tires, batteries, and other equipment.
Korea.....	66,100	Most of these funds will be used for support of Korean military budget.
Pakistan.....	79,300	These funds being used for procurement related to base construction by U. S. Army engineers and for support of Pakistan defense budget.
Peru.....	100	To help finance Inter-American Geodetic Survey mapping projects.
Philippines.....	2,100	No specific projects determined.
Yugoslavia.....	88,900	\$57.5 million to be used to reconstruct Adriatic Highway (known as Jadranski Put).
Total.....	249,480	

Purchases of goods for other friendly countries.—Section 104 (d): Several sales agreements provide that a portion of local currency sales proceeds may be used for purchases of goods or services for other friendly countries. In total, \$42.8 million equivalent of these funds (at deposit rates) has either been specifically earmarked or allocated for this purpose. Amounts to be used

for these purchases may be specifically agreed upon at the time the sales agreement is negotiated, as in the case of Austria, France, Italy, and Japan, or agreements may provide that unspecified amounts of local currencies reserved for United States purposes may be used to buy goods for other countries. For example, sales agreements with Finland and India provide for such use and tentative programs which may utilize up to \$18 million of these currencies have been developed. It is anticipated that additional amounts may be available from India and some other countries for use under this section. These possibilities are under discussion.

ICA is responsible for administering this program and by December 31, 1957, had developed plans for using \$29.6 million equivalent of these funds (at current exchange rates for exports), as shown in table VII. Programs to utilize the remaining funds are being negotiated with several countries.

TABLE VII.—*Sec. 104 (d) program, as of Dec. 31, 1957*
[In million dollars¹ equivalent]

Sales proceeds from—		Purchases programed for—	
Country	Amount	Country	Amount
Austria.....	3.1	Burma.....	5.0
France.....	.8	Ceylon.....	1.8
Finland.....	13.0	India.....	1.4
India.....	5.0	Indonesia.....	1.7
Italy.....	10.0	Israel.....	5.0
Japan.....	10.9	Korea.....	2.5
		Pakistan.....	1.4
		Ryukyu Islands.....	3.3
		Spain.....	3.1
		Taiwan.....	1.2
		Thailand.....	1.4
		Vietnam.....	1.8
Total.....	42.8	Total.....	29.6
		Adjustment (difference in exchange rates).....	3.4
		Grand total.....	33.0

¹ The dollar equivalent value assigned to sales proceeds earmarked or allocated reflects deposit rates agreed upon at the time the sales agreements were negotiated. The dollar equivalent value assigned to currencies programed for purchases reflects current exchange rates for exports.

During the 6 months under review, procurement of \$1.1 million equivalent of steel rails was authorized for the mutual security program in Spain. In addition, 545 million finnmaks (\$1.7 million equivalent at current exchange rates) was loaned to Indonesia to finance the purchase of a ship. Because of the devaluation of the finnmak, the dollar equivalent value of currencies programed for purchases of ships for several Asian countries has been reduced from \$12 million to \$8.6 million. The ship purchase program is now under further review.

It is the policy of the United States not to make advance commitments either to use these funds for purchases of specific commodities or to buy goods for a specific country. Standards conforming as closely as possible with commercial practices have been established for the use of these funds. These are designed to avoid undue disruption of normal trade patterns and to assure that purchases are made at competitive prices.

Grants for economic development.—Section 104 (e): No agreements signed during the reporting period provided for grants for economic development. In prior agreements, about \$60 million of local currency was earmarked for grants for this purpose. Such grants are made only in special circumstances and comprise about 3 percent of the total sales proceeds expected to accrue.

Loans to private enterprise.—Section 104 (e): Public Law 128, approved August 13, 1957, amended section 104 (e) to provide that up to 25 percent of foreign currencies generated under each title I agreement shall be made available for loans to private business firms through the Export-Import Bank of Washington.

Under this legislation the bank may lend these currencies to (1) United States firms or their branches, subsidiaries or affiliates for business development and trade expansion in the foreign country or (2) either United States or firms of that country for expanding markets for, and consumption of, United States agricultural products abroad. The law requires that the loans be mutually agreeable to the Export-Import Bank and the foreign country. It prohibits loans for the manufacture of products to be exported to the United States in competition with United States produced products, or for the manufacture or production of commodities to be marketed in competition with United States agricultural commodities or the products thereof. The loans will be made and will be repayable in the applicable foreign currency and it is contemplated that the interest rates will be similar to those charged for comparable loans in the foreign country, and the maturities similar to those in comparable Export-Import Bank dollar loans. Applications for loans will be received either directly at the Export-Import Bank in Washington or at the United States Embassy abroad.

During the reporting period, 25 percent of the sales proceeds under the agreements concluded

with Israel, France, Mexico, and Pakistan and 15 percent of the sales proceeds under the agreement with Greece will be made available for this purpose. These amounts total the equivalent of \$35.7 million.

No loans have as yet been made under this program since the funds out of which the loans would be made are not yet available to the Export-Import Bank. The funds will not be available until the commodities purchased under the aforementioned sales agreements are shipped and paid for and a portion of the proceeds assigned to the bank.

Payment of United States obligations.—Section 104 (f): Under agreements signed during the past 6 months, \$71.4 million was tentatively earmarked for the payment of United States obligations. This brings to a total of \$573.1 million the amount potentially available for this use under agreements signed since the start of the program.

United States agencies requiring local currencies for the payment of United States obligations purchase them with appropriated dollars from the Treasury through the United States disbursing officers in the embassies. The dollars derived from these sales are credited to CCC. Through December 31, 1957, Treasury had been authorized to sell \$180 million in foreign currencies to agencies for any purpose for which appropriated dollars were available. As of November 30, 1957, total reimbursements to CCC were \$111.6 million.

Not all of the remaining funds potentially available for the payment of United States obligations will be used for that purpose. Since many agreements include a combined total for several United States purposes, some of the nonreimbursable uses may absorb funds not yet earmarked for them. Also, in a few countries balances available for allocation to the Treasury are accumulating in excess of anticipated agency needs for some years to come.

Military family housing.—Public Law 765, 83d Congress, Public Law 161, and Public Law 968, 84th Congress, authorize the use of up to \$250 million worth of local currencies generated by title I sales or other transactions of CCC for construction, rent, or procurement of United States military family housing and related community facilities in foreign countries. This legislation further provides that CCC shall be reimbursed from ap-

propriations available for the payment of quarters allowances to the extent the housing is occupied.

Tentative earmarking of local currency for purchase or construction of military family housing amounted to a total of \$106.1 million equivalent in agreements with countries shown in table VIII.

TABLE VIII.—Tentative earmarking of local currency for military family housing since beginning of program

[Million dollars]	
Country	Planned under agreements
Austria.....	8.9
Finland.....	7.0
Italy.....	13.0
Japan.....	24.8
Philippines.....	1.5
Portugal.....	1.5
Spain.....	16.0
United Kingdom.....	33.4
Total.....	106.1

The funds will be used for military family housing in these countries except that in the case of Austria and Finland housing materials will be provided for use in other countries.

During the reporting period no additional amounts were provided for this purpose under new agreements; however, the Philippines was added to the list of countries under an earlier agreement.

Of the \$106.1 million equivalent planned, \$73 million has been allocated for the construction of 5,600 housing units; 2,300 of these units have been completed and occupied (1,500 in the United Kingdom and 800 in Japan).

Loans to foreign governments.—Section 104 (g): Over \$1.2 billion equivalent of local currencies has been earmarked for loans to promote economic development and multilateral trade under section 104 (g) of the act. Since loans are also being made by the Export-Import Bank under section 104 (e), however, the proportion of funds set aside for section 104 (g) is expected to decline. For example, 40 percent of the proceeds of sales negotiated during the first 6 months of fiscal year 1958 has been earmarked for loans under section 104 (g), compared to about 62 percent in fiscal year 1957 and 55 percent since the inception of the program.

Well over 60 percent of local currency funds earmarked for loans under section 104 (g) of the act is now covered by loan agreements. As of December 31, 1957, loan agreements totaling \$796.7 million equivalent had been negotiated with 20 countries, including 7 agreements totaling \$145

million equivalent negotiated in the last 6 months. Except for a few instances in which special problems have arisen, most loan agreements now pending will cover funds earmarked in sales agreements negotiated during the last half of fiscal year 1957. To the maximum extent possible, negotiations for loan agreements are now being undertaken simultaneously with the negotiations for sales. Loan agreements signed as of December 31, 1957, are tabulated in table IX.

TABLE IX.—Public Law 480 loan agreements signed as of Dec. 31, 1957¹

[In million dollar equivalent²]

Country	July to December 1957	Grand total	Country	July to December 1957	Grand total
Austria.....		16.0	Italy.....		30.0
Brazil.....		149.2	Japan.....		108.9
Burma.....		17.3	Mexico.....	13.6	13.6
Chile.....	27.7	31.7	Paraguay.....		2.2
Colombia.....		10.0	Peru.....	2.0	9.8
Ecuador.....		6.3	Portugal.....		3.4
Greece.....	18.0	26.5	Spain.....		10.5
Iceland.....		2.2	Thailand.....		1.0
India.....		234.1	Yugoslavia.....	73.7	82.7
Indonesia.....	2.0	2.0			
Israel.....	8.0	39.3	Total.....	145.0	796.7

¹ Loan agreements provide for establishment of lines of credit in local currencies up to the amounts stated. These amounts may vary from estimates of funds available for 104 (g) loans included in appendix tables XI through XV, which may reflect planned uses of currencies expected under outstanding purchase authorizations. These estimates are subject to adjustment when shipments are completed. Shortfalls in deliveries of commodities and thus in the amount of local currencies deposited may result in a decrease in the amounts which will become available for loans.

² The dollar equivalent value assigned to local currencies covered by loan agreements reflects deposit rates agreed upon at the time the sales agreements were negotiated.

³ Includes agreements signed pursuant to sec. 104 (d) transactions.

The loan agreements specify terms and conditions of repayment which have been developed in cooperation with the National Advisory Council on International Monetary and Financial Problems. Loans are denominated in dollars, and strategic materials, services, foreign currencies, or dollars may be accepted in payment of the loans. Because of the sharp rise in the borrowing costs of the United States Government, interest rates applicable to these local currency loans were increased by 1 percent in September 1957. Loans made pursuant to sales negotiated after that date require an interest rate of 4 percent if repaid in dollars and 5 percent if repaid in local currency.

In accordance with the provisions of the amended section 104 (e) of the act, loans to private enterprise are now being provided for through the Export-Import Bank. Foreign governments are also being encouraged to reloan some of the funds available to them under section 104 (g) for projects involving private enterprise and investment. But express agreements to reserve specific portions

of 104 (g) loan funds for this purpose are no longer being sought in connection with current sales negotiations. This was done in fiscal year 1957 and agreements were reached with 16 countries, including Austria, Bolivia, Brazil, Colombia, Ecuador, Greece, Iceland, India, Israel, Italy, Pakistan, Peru, Philippines, Spain, Turkey, and Thailand, that at least \$150 million equivalent of loan funds available to these countries as a result of sales negotiated during that year would be reserved for relending to private investors. The amounts to be reserved for this purpose are usually specified in the sales agreements. Less frequently, foreign governments may agree to channel unspecified amounts of the loan funds to private borrowers.

The foreign governments have agreed that funds will be made available to private borrowers on a nondiscriminatory basis as to interest rates and other loan terms and conditions as between its citizens, United States nationals, and nationals of other friendly countries. It is anticipated that loans will be made on terms no less favorable than the usual terms of the local agencies and that these terms will be based on existing conditions in the money market of the foreign country and the policy of its monetary authorities. Loan procedures are established by lending agencies of foreign governments and United States operations missions and United States diplomatic missions will be in a position to advise American businessmen or their representatives concerning these procedures.

Loan funds will not become available to foreign governments for relending to private investors or for other economic development projects, however, until they have signed loan agreements with the United States. To date, loan agreements relating to fiscal year 1957 sales which include reservations of funds for private investment have been signed with six countries, including Brazil, Ecuador, Greece, Iceland, India, and Israel.

Efforts to arrive at similar agreements relating to loan funds available from sales made prior to fiscal year 1957 are still being pressed. To date, several countries including many of those named above, as well as Argentina, Japan, and Paraguay, either have re-lent or have agreed to re-lend over \$100 million equivalent to private investors. Most of the agreements covering these loans to foreign governments have been negotiated.

Projects approved.—Projects involving expenditures of up to \$463 million equivalent have been approved, including about \$124 million during the period under review. Some of these projects, particularly in Brazil, India, Italy, Israel, and Japan, include re-lending to private enter-

TABLE X.—Public Law 480 loan projects approved as of Dec. 31, 1957¹

[In million dollars equivalent]			
Country	July-December 1957	Grand total ²	Description
Austria.....		16.0	Industrial projects, including electric power, iron and steel, metal processing, textile industry, etc., 14.2; tourism, 1.0; regional development, 0.8.
Brazil ³		31.32	Agricultural silo facilities, 4.9; extension and rehabilitation of railways, 13.5; river navigation and port improvement, 2.7; metallurgical works, 3.6; cold storage meat plants, 0.9; electric energy production, 4.5.
		117.9	Expansion of hydroelectric and power production, railway construction, expansion of iron and steel production.
Chile.....		4.0	Highway improvement, 3.75; agricultural training center, 0.25.
Colombia....	10.0	10.0	Revolving loan fund for various purposes, including livestock production, farm-to-market roads, and food-storage facilities.
Ecuador....	3.2	6.3	Agricultural credit system in tropical coastal area, 3.1; loans to agricultural producers, 2.0; industrial development, 1.0; highway improvement and maintenance, 0.2.
Greece.....	15.7	19.9	Extension and modernization: Road and bridges, 8.7; electrical grid, 3.3; workers low-cost housing, 1.9; small community works, including access roads, water installations and range control, 6.0.
Iceland.....		2.2	Hydroelectric plant.
India.....	55.0	55.0	Loans through Refinance Corporation of India to private industry.
Israel.....	8.0	36.8	Irrigation, well drilling, and agricultural development, 11.4; agricultural settlements (construction of farm buildings), 2.8; land preparation, 0.4; agricultural research station, 0.3; afforestation, 0.4; development of roads, 3.8; electric power construction, 6.6; loans to home buyers, 3.0; development of telephone services, 2.1; industrial expansion, 5.9.
Italy.....	30.0	30.0	Industrial development in southern Italy, 14.0; revolving loan fund—tourist facilities, 8.0; fund for creation of small landowners, 8.0.
Japan.....		59.5	Electric power development, 50.7; irrigation, drainage, and reclamation, 8.4; productivity center, 0.4.
		49.35	Electric power development, 21.9; irrigation and land development, 12.7; land reclamation for industrial sites, 1.9; productivity center, 2.8; forest development, 2.8; industrial marketing and processing, 4.5; improvement of fishing port facilities, 1.9; silk center, 0.4; undetermined, 0.5.
Paraguay...		2.2	Highway and bridge construction and improvement, 0.7; airport development, 0.2; sewerage system, 0.7; agricultural development (primarily coffee), 0.6.
Peru.....	2.0	9.8	Irrigation and land development, road construction; expansion of agricultural research station, and leather products production.
Portugal....		3.4	Storage facilities for bananas and cereals.
Spain.....		9.0	Reforestation and watershed control, 5.1; small irrigation projects for noncitrus fruit and vegetable production, 2.6; soil conservation, 0.3; land consolidation, 1.0.
Total.....	123.9	462.7	

¹ This tabulation includes only approved projects within current loan agreements. Projects which may have been tentatively approved prior to completion of loan agreements are not included.

² Approval of projects allows expenditures of up to the amounts stated. The total amount available for these projects would decrease if the amount available for loans is less than that anticipated.

³ Projects total \$30.1 million equivalent reflecting probable shortfall in loan funds available.

prise. Other approved projects in Latin America, Iceland, and other countries will provide local currency financing for projects whose foreign exchange costs are being financed by the International Bank for Reconstruction and Development, the Export-Import Bank, and the International Cooperation Administration. Loan funds are also being used to supplement public expenditures for roads, port and storage facilities, and other improvements. Loan projects approved as of December 31, 1957, are shown in table X.

International educational exchange.—Section 104 (h): The educational exchange program is authorized by Congress to help promote mutual understanding between the people of the United States and those of other countries.

Based upon the planned uses of foreign currency under title I agreements signed from the beginning of the program through December 31, 1957, the Department of State has entered into 13 new executive agreements or amendments and extensions of previous agreements in support of educational exchange programs, Public Law 584, 79th Congress (the Fulbright Act). In addition, authorizations have been furnished (or are in process of being furnished) the United States diplomatic missions to enter into formal negotiations for new executive agreements or amendments and extensions of previous agreements to support 12 educational exchange programs. These are summarized in table XI.

TABLE XI.—*International educational authorizations since beginning of program*

[In thousand-dollar equivalent]

Country	Executive agreements		Country	Executive agreements	
	Authorized	Concluded		Authorized	Concluded
Argentina.....	600	600	Japan.....	2,066	-----
Bolivia.....	200	-----	Korea.....	900	-----
Brazil.....	980	980	Pakistan.....	1,050	1,050
Chile.....	1,250	500	Paraguay.....	150	150
China (Taiwan).....	750	750	Peru.....	500	500
Colombia.....	500	500	Philippines.....	750	-----
Ecuador.....	300	300	Portugal.....	300	-----
Egypt.....	750	-----	Spain.....	600	-----
Finland.....	250	250	Thailand.....	600	400
Iceland.....	150	-----	Turkey.....	750	750
India.....	1,800	-----	Total.....	16,546	7,480
Indonesia.....	600	-----			
Iran.....	750	750			

¹ Fiscal year 1956, 75; fiscal year 1957, 937; fiscal year 1958, 3,256; fiscal year 1959, 5,725. The remainder of the funds authorized will be used to conduct the exchange program until the funds are exhausted—a period varying from 1 to 5 years in a given country.

Because of the time required to (1) negotiate binational agreements which are prerequisites to additional exchange programs as authorized under Public Law 584, and (2) plan annual programs on a truly binational basis, activities under the program proceeded slowly at first. The Department of State had no active programs supported under Public Law 480 during fiscal year 1955 and in fiscal year 1956 only one program was actively in operation and only 23 grantees (students, teachers, lecturers, and professors) were exchanged. In fiscal year 1957, however, 290 grantees were exchanged. In fiscal year 1958, 841 grantees are being exchanged and in fiscal year 1959, under programs authorized and planned, the grantees will exceed 1,300.

Translation, publication, and distribution of books and periodicals.—Section 104 (i): The United States Information Agency program consists of assistance to countries for the translation, publication, and distribution of free-world and United States-oriented textbooks in local languages for sale at prices which students and ministries of education can afford to pay.

Programs for 1958, in United States dollar equivalent at current United States Treasury selling rates, include:

Country	Amount in dollars	Type of textbooks
Austria.....	75,000	United States geography, management, commerce, industry, engineering, medicine, chemistry, and physics.
Colombia.....	21,000	Economics, political science, English teaching, and possibly agriculture.
Finland.....	180,000	Purchase of paper for textbook projects in Near East and South Asia.
Spain.....	90,000	Natural science, humanities, social studies, English teaching, and technology.
Turkey.....	50,000	General elementary and secondary, and business administration.

Several additional requests are being made for the allocation of funds where section 104 (i) authority exists in title I agreements.

Assistance to American-sponsored schools, libraries, and community centers.—Section 104 (j): Under this authority, programs for the expansion and improvement of American-sponsored schools overseas to demonstrate American educational practices are developed by the Department of State and plans for the expansion and improvement of binational cultural center facilities abroad are prepared by the United States Information Agency.

In accordance with section 203 of the United

States Information and Educational Exchange Act of 1948 as amended, approval has been requested for the allocation of section 104 (j) funds regarding American-sponsored schools for 11 schools in 4 countries.³ These are: Brazil, \$565,000; Colombia, \$600,000; Greece, \$500,000; and Italy, \$552,000. An allocation of \$1 million equivalent in liras has been approved for use in Turkey.

The United States Information Agency program includes assistance to binational center organizations for the acquisition or construction of community center buildings and facilities to be used to further friendship, understanding, and good will between the United States and the countries in which they are located.

Programs for 1958, in United States dollar equivalent at current United States Treasury selling rates, include:

Country	Amount in dollars	Assistance to binational organizations
Bolivia.....	98,000	To construct a building with its necessary fixtures to accommodate the binational organization programs.
Brazil.....	317,000	To provide quarters for centers in 34 cities and to purchase or construct buildings for those centers having largest and most active programs.
Colombia....	81,000	To assist the financing required to construct or purchase buildings to house binational centers in 3 cities.
Peru.....	85,000	To assist the construction of a binational center building.
Turkey.....	250,000	To construct a headquarters building for the Turkish-American Association.

Additional requests for the allocation of these funds where 104 (j) earmarkings exist in title I agreements are being made in the following countries: Austria, Bolivia, Ecuador, Finland, Iran, Greece, Italy, Korea, Mexico, Pakistan, Peru, Spain, Thailand, and Turkey.

Title II

Title II of Public Law 480 authorizes the use of up to \$800 million of commodities held in stock by CCC to help friendly foreign people to meet famine or other urgent or extraordinary relief requirements. Payment of ocean-freight costs on these commodities may be financed from this authorization, as well as on donations of surplus foods for use abroad under title III of the act. ICA is responsible for administering this program.

During the last 6 months, use of about \$40.4 million has been authorized, including \$24.7 million of bread and coarse grains, \$2.6 million of

ocean-freight costs on these shipments, and \$13.1 million of freight costs on title III donations. Since the inception of the program, use of about \$390 million has been authorized, including about \$47 million of freight costs.

Two new programs were undertaken during the period under review. About 40,000 tons of wheat, valued by CCC at \$5.7 million, is being shipped to Afghanistan to prevent famine, inflation, and social unrest which might otherwise result from a major crop failure caused by unprecedented rains and floods. Shipment of 50,000 tons of wheat at a value of \$7 million has been authorized to relieve suffering caused by extensive floods in West Pakistan which destroyed food grain stocks and standing crops. Additional amounts may be authorized when the full extent of the damage is known.

In addition, an earlier commitment to Austria was partially fulfilled by authorizing shipment of 100,000 tons of corn. The feed grains will be sold in Austria and the local currency proceeds used to help the Austrian Government meet the emergency costs of the influx of Hungarian refugees.

Title III

Title III of the act covers donations of surplus foods for domestic use and for distribution abroad by nonprofit voluntary agencies and intergovernmental organizations as well as CCC barter activities.

Section 302, domestic donations.—During the July–December 1957 period, the distribution of surplus commodities to domestic outlets has been made under authority of Public Law 480 and under authority of section 32 of the Agricultural Act of 1935, as amended.

For the reporting period, domestic donations total approximately 321 million pounds of which about 240 million pounds, valued at \$33 million, were distributed under title III. Domestic recipients of these commodities included more than 13.6 million children in public and private schools, 1.4 million persons in charitable institutions, and about 2.6 million needy persons in family units.

Section 302, foreign donations.—Section 302 of the act authorizes donations of surplus foods in CCC stocks to United States nonprofit voluntary relief agencies and to intergovernmental organi-

³ Approved subsequent to Dec. 31, 1957. [Footnote in original.]

zations, such as the United Nations International Children's Emergency Fund, to assist needy persons outside of the United States. Most of these agencies have been carrying on regular relief distribution programs around the world for many years. The availability of surplus foods permits them to distribute substantially larger amounts of relief foods than would be possible from their private financing.

Processing, packaging, and other related costs are paid by the United States under this authority. The Agricultural Act of 1956 permits the use of title II funds to finance the ocean-freight costs of these shipments. In some instances ocean-freight costs are paid in whole or in part by the voluntary relief agencies or the government of the recipient country. In all instances foreign governments accord duty-free entrance to these shipments. When the United States finances ocean-transportation costs, the cost of inland transportation and distribution abroad must be paid by the foreign government or the agency. Commodities are clearly identified as of United States origin and gifts from the people of the United States. The foods are given free to needy persons who do not have the means to buy them. Program plans, requests, and operations are reviewed by coordinating committees comprised of representatives of the United States mission or consulate, and the voluntary agencies; these committees have been established in most of the principal receiving countries in which two or more voluntary agencies operate. Assurances are obtained that the relief program does not conflict with normal commercial trade or other United States surplus-food-disposal operations.

Cheese, cornmeal, wheat flour, nonfat dry milk, rice, corn, and wheat were available for distribution throughout the period July-December 1957. Corn and wheat were not available for overseas commercial milling but were made available to a limited number of countries where recipients normally milled their own grains. Agency requests for rice exceeded the quantity available for foreign donation which resulted in minor cutbacks during the latter months of this period. This supply situation will not permit the extension of availability of rice beyond December 31, 1957. The quantity and value of commodities approved for foreign donation for the period July-December 1957 are shown in table XII.

TABLE XII.—Commodities approved for donation for foreign relief through nonprofit voluntary agencies and intergovernmental organizations, July-December 1957

Commodity	Pounds	Estimated CCC cost
	Millions	Millions
Cheese.....	114.7	\$52.2
Cornmeal.....	187.7	13.9
Corn.....	35.9	1.5
Wheat flour.....	402.8	31.4
Milk, nonfat dry.....	341.4	70.0
Rice.....	68.2	11.2
Wheat.....	23.6	1.2
Total.....	1,174.3	181.4

Section 303, barter.—This authority, 1 of 6 legislative acts providing for barter, reemphasized this program by directing the Secretary of Agriculture to arrange barter operations where such operations protect the funds and assets of CCC. It also directs other agencies to cooperate. Subsequently, Public Law 161, previously noted, authorized acquisition of certain United States military housing abroad with foreign currencies generated by agricultural export programs, including barter transactions.

Barter is effected through contracts between CCC and private United States business firms under which the contracting firms use commercial trade channels in fulfilling these contracts. Barter contracts generally provide for the delivery of specified materials with payment to be received in CCC-owned agricultural commodities which must be exported by the contractor. There is no requirement that the materials come from the same country to which the agricultural commodities are shipped.

Major program revisions were made in May 1957 to assure that commodities exported under barter arrangements result in a net gain in the total volume of agricultural exports. In general, the barter contractor must satisfy CCC that a proposed transaction will mean an increase in United States exports of the commodities involved. Major agricultural commodities may be shipped without a specific showing of additional trade to areas where commercial trade in these commodities is negligible; however, shipments to countries considered to be dollar markets may be made only where additional trade can be assured.

The program has also been tightened by the following provisions: Barter contractors must designate the commodities to be taken from CCC; interest must be paid to CCC for any timelag be-

tween delivery of the commodity and delivery of materials; commodities cannot be transhipped from approved countries of destination; materials delivered may not be produced or processed in the United States; and the origin of the materials must be specified.

Barter contracts negotiated during the July-December 1957 period totaled \$3 million. Barter exports of agricultural commodities from CCC inventories against outstanding contracts, all of which were made prior to July 1957, had an export market value of \$75 million in July-December 1957 in comparison with barter-material deliveries to CCC of \$92.6 million in this same period. Barter contractors who take agricultural commodities in advance of material deliveries are required to provide cash deposits or irrevocable dollar letters of credit in favor of CCC as financial coverage for such agricultural commodities delivered for export to designated countries.

The \$3 million in barter contracts negotiated in this reporting period compares with contracts totaling \$125.1 million for the previous reporting period, and the average 6-month rate of \$145 million under the barter program during the period 1954 through 1957 (table XIII).

TABLE XIII.—Summary of barter contracts entered into in specified periods¹

[In millions of dollars]

Materials	1949-50 through 1953-54	1954-55 through 1956-57	July- December 1957
Strategic:			
Minimum stockpile.....	71.8	² 138.7	
Long-term stockpile.....		² 264.2	
Supplemental stockpile ³		² 368.8	3.0
Total strategic.....	71.8	771.7	3.0
Supply:⁴			
ICA.....	28.4	31.0	
AEC.....		13.3	
Defense.....	7.4	54.1	
Total supply.....	35.8	98.4	
Grand total.....	107.6	870.1	3.0

¹ Years beginning July. December 1957 preliminary.

² Adjustments have been made to reflect total sales to minimum stockpile as follows: \$119.2 million long-term and \$8.9 million supplemental.

³ Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.

⁴ Materials, goods, and equipment for other Government agencies.

Agricultural commodity exports by contractors in fulfillment of barter contracts with CCC reflects the decline in contracting and totaled \$75 million for the period covered by this report (table XIV). Exports under barter will fluctuate in accordance with activity in this field.

March 24, 1958

TABLE XIV.—Agricultural commodities exported under barter contracts in specified periods¹

[In thousands of units]

Commodities	Unit	1949-50 through 1953-54	1954-55 through 1956-57	July-December 1957 ²		
				Under all con- tracts	1954-55 through 1956-57 con- tracts	1957-58 con- tracts
Wheat.....	Bushel.....	33,445	200,178	3,052	3,052	
Corn.....	do.....	9,338	105,428	9,033	9,033	
Barley.....	do.....	62,057	1,493	1,493	1,493	
Oats.....	do.....	36,681	1,353	1,353	1,353	
Rye.....	do.....	11,448	130	130	130	
Grain sorghums.....	Hundred- weight.....	990	39,261	22	22	
Cottonseed oil.....	Pound.....	4,630	34,731			
Wool.....	do.....			3,063	3,063	
Cotton ³	Bale.....	56	1,022	420	420	
Others ⁴	Metric ton.....	20	99	7	7	
Total quantity.....	do.....	1,227	12,427	486	486	
		Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Total value.....		107.6	823.7	75.0	75.0	

¹ Year beginning July 1.

² Includes partial estimate for December.

³ Represents sales with exportation to be made by July 31, 1958, under cotton export sales program announcement CN-EX-4 dated Feb. 19, 1957, as amended.

⁴ Includes flaxseed, dried skim milk, linseed oil, cottonseed meal, soybeans, tobacco, peanuts, beans, and rice.

Forty-five countries have received agricultural commodities exported under barter arrangements under the barter program July 1, 1954, through December 31, 1957, as shown in table XV.

TABLE XV.—Value of agricultural commodity exports under barter contracts by destination, July 1954 through Dec. 31, 1957¹

[Value in thousands of dollars]

Austria.....	5,595	Korea.....	3,255
Belgium.....	96,586	Mexico.....	13,183
Brazil.....	547	Netherlands.....	123,892
British West Indies.....	33	Norway.....	13,935
Chile.....	2,726	Panama.....	67
Colombia.....	2,659	Peru.....	2,282
Costa Rica.....	211	Philippines.....	26
Cuba.....	1,758	Portugal.....	3,467
Cyprus.....	6	Saudi Arabia.....	281
Denmark.....	5,591	South Africa.....	858
Egypt.....	8,080	Spain.....	4,618
El Salvador.....	72	Sweden.....	2,503
Ecuador.....	33	Switzerland.....	3,124
Finland.....	1,992	Taiwan (Formosa).....	2,858
France.....	39,053	Trinidad.....	1,358
West Germany.....	94,890	Turkey.....	11
Greece.....	11,354	United Kingdom ²	7,913
Guatemala.....	142	Uruguay.....	177,922
India.....	2,395	Venezuela.....	500
Iran.....	95	Yugoslavia.....	2,743
Ireland.....	19,100	Others ³	112,454
Israel.....	8,904		
Italy.....	9,629		
Japan.....	109,675	Total.....	898,663

¹ Commodity values at export market prices. Includes partial estimate for December 1957.

² Includes data for other British Commonwealth countries prior to July 1, 1957. It is estimated that 75 percent or more of the value shown covers shipments to the United Kingdom; the remaining 25 percent covers shipments to other countries of the British Commonwealth, including Australia, Canada, and Union of South Africa.

³ Includes shipments for which documents listing countries of destination have not been processed.

The rate of material deliveries in the report period to CCC by contractors against barter agreements increased somewhat over that for past periods. Acquisitions of stockpile materials to

date have been limited by CCC to materials within the Office of Defense Mobilization procurement directives for both the strategic and supplemental stockpiles. Materials delivered in the report period compared with past deliveries are indicated in table XVI.

TABLE XVI.—Value of materials delivered by barter contractors in specified periods¹
[In millions of dollars]

Material	1949-50 through 1953-54	1954-55 through 1956-57	July to December 1957 ²		
			Under all con- tracts	1954-55 through 1956-57 contracts	1957-58 con- tracts
Strategic:					
Minimum stockpile.....	71.8	138.9	5.8	5.8	-----
Long-term stockpile.....	-----	107.1	33.7	33.7	-----
Supplemental stockpile ³	-----	234.2	48.2	48.2	-----
Total strategic.....	71.8	480.1	87.7	87.7	-----
Supply:⁴					
ICA.....	28.4	30.8	-----	-----	-----
AEC.....	-----	.4	3.1	3.1	-----
Defense.....	7.4	.6	1.8	1.8	-----
Total supply.....	35.8	31.8	4.9	4.9	-----
Grand total.....	107.6	511.9	92.6	92.6	-----

¹ Years beginning July 1.

² Includes partial estimate for December 1957.

³ Materials transferred or to be transferred to supplemental stockpile as provided by sec. 206 of the Agricultural Act of 1956.

⁴ Materials, goods, and equipment for other Government agencies.

CCC has received reimbursement for \$216.5 million in strategic materials delivered to the strategic stockpile and \$67.6 million in materials delivered to other Government agencies. A total of \$264.3 million in strategic materials has been transferred to the supplemental stockpile, for which reimbursement to CCC will be in the form of an appropriation by Congress as provided in section 206 of Public Law 540, 84th Congress. The balance of the materials in CCC's inventories, as well as subsequent deliveries of such materials under existing contracts, will be transferred to the stockpiles or to other Government agencies with reimbursement to CCC.⁴

⁴ An appendix to this report contains the following additional tables (not printed here):

Table I: Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1957, through Dec. 1, 1957.

Table II: Commodity composition of programs under title I, Public Law 480 agreements signed from beginning of program through Dec. 31, 1957.

Table III: Commodity composition of programs under title I, Public Law 480 agreements signed from beginning of program through June 30, 1955.

Congressional Documents Relating to Foreign Policy

85th Congress, 2d Session

United States Military Aid and Supply Programs in Western Europe. Nineteenth report by the Committee on Government Operations. H. Rept. 1371, February 20, 1958. 33 pp.

Use of Defense Support Funds for Economic and Political Purposes. Twenty-first report by the Committee on Government Operations. H. Rept. 1374, February 22, 1958. 14 pp.

Report of the Special Study Mission to the Mediterranean and Near East comprising Leonard Farbstein, New York, of the House Committee on Foreign Affairs, pursuant to H. Res. 29. H. Rept. 1407, February 26, 1958. 4 pp.

Extension of Public Law 480. Report to accompany S. 3039. S. Rept. 1323, February 26, 1958. 12 pp.

Table IV: Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1955, through June 30, 1956.

Table V: Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1956, through June 30, 1957.

Table VI: Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1957, through Dec. 31, 1957.

Table VII: Approximate quantities of commodities under title I, Public Law 480 agreements signed from beginning of program through Dec. 31, 1957.

Table VIII: Approximate quantities of commodities under title I, Public Law 480 agreements signed from beginning of program through June 30, 1955.

Table IX: Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1955, through June 30, 1956.

Table X: Approximate quantities of commodities under title I, Public Law 480 agreements signed July 1, 1956, through June 30, 1957.

Table XI: Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1957, through Dec. 31, 1957.

Table XII: Planned uses of foreign currency under title I, Public Law 480 agreements signed from beginning of program through Dec. 31, 1957.

Table XIII: Planned uses of foreign currency under title I, Public Law 480 agreements signed from beginning of program through June 30, 1955.

Table XIV: Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1955, through June 30, 1956.

Table XV: Planned uses of foreign currency under title I, Public Law 480 agreements signed July 1, 1956, through June 30, 1957.

Table XVI: Transfer authorizations issued under title II, Public Law 480, July-December 1957.

Table XVII: Transfer authorizations issued under title II, Public Law 480, July 1, 1954, to Dec. 31, 1957.

Sudan-Egyptian Border Question in the Security Council

Statement by James J. Wadsworth¹

I should like to make some brief observations on the statements we have heard this morning, the statement of the Sudanese representative, who has presented his Government's complaint concerning "the grave situation existing on the Sudan-Egyptian border," and on the statement which the distinguished representative of Egypt has made in reply.

My delegation feels that we should note one or two salient points here. We wish to note in particular the statements of the representatives of Egypt and Sudan indicating their willingness to settle this matter after the elections of February 27. We note also that the Secretary-General's concern and interest has already been communicated to the Government of Egypt and that he has received a favorable reply from that Government.

We therefore wish to express the sincere hope that the parties to this dispute refrain from any actions or statements which might aggravate conditions or prejudice prospects for an amicable solution until such time as they will mutually agree to reconvene in negotiation.

My delegation would also like to remind the Council that by our action today in adopting the agenda the Council is officially seized of this problem and that, in the event, which we hope does not transpire, that the situation should deteriorate, the Council can always meet again on a very short notice.

Finally, Mr. President, my delegation hopes that peace and tranquillity will prevail in this area

and that following the elections which are to commence on February 27 the parties will seek and achieve a peaceful solution of their differences.

Mr. Wadsworth To Represent U.S. in Disarmament Negotiations

Department Announcement

The Department of State announced on February 27 (press release 92) that Secretary Dulles has, with the approval of the President, designated Ambassador James J. Wadsworth to act, under the Secretary's direction, as U.S. representative in future negotiations for an agreement on the limitation of armament. He will also participate in the preparation of positions which the United States will support in disarmament negotiations. Ambassador Wadsworth will, at least for the time being, retain his position as Deputy Representative of the United States to the United Nations.

In addition, Secretary Dulles, with the approval of the President, has asked certain qualified private citizens to advise and consult with him informally from time to time on the broad policies which should govern the United States in seeking limitation of armament. Alfred M. Gruenther, Robert A. Lovett, John J. McCloy, and Walter Bedell Smith have accepted to serve in this way.

The United States continues to consider it urgent that an international agreement be sought and reached which will effectively limit armaments. The Government of the Soviet Union has, since last August, refused to discuss the constructive proposals advanced by the United States, the United Kingdom, France, and Canada,¹ or to participate in the work of the Subcommittee of the United Nations Disarmament Commission. It has also announced that it would not

¹ Made in the United Nations Security Council on Feb. 21 (U.S./U.N. press release 2872). Mr. Wadsworth is Deputy U.S. Representative to the United Nations.

¹ For text of proposals, see BULLETIN of Sept. 16, 1957, p. 451.

participate in any proceedings of the Disarmament Commission as reconstituted by the recent session of the United Nations General Assembly. It has reacted negatively to the statement by the NATO Heads of Government that they would welcome a meeting at the foreign ministers' level to resolve the deadlock.

The United States believes that limitation of armament is so imperative a goal that efforts to reach it should not be interrupted by such procedural obstacles as the Soviet Government has put in the path. We are striving, and will continue to strive, to overcome these procedural difficulties and to find a way to go forward to lift from the shoulders of mankind the dangerous and growing burden of vast and ever more destructive armaments.

Letter From President Eisenhower to Ambassador Wadsworth

White House press release dated March 3

MARCH 3, 1958

DEAR MR. AMBASSADOR: When Secretary Dulles spoke to me of his wish to designate you to represent the United States under the general supervision of the Secretary of State in future disarmament negotiations, I told him that the proposal had my enthusiastic endorsement. I want you to know of my appreciation of your willingness to undertake this new and additional task and of my confidence that you will meet its challenge with the same diligence and ability you always have brought to your assignments.

It will not be an easy task, I know. Of all the problems confronting our country and its government today, none is more vital than that of finding a way to relieve mankind of the burden of devising, developing and maintaining arms which could lead to mankind's self-destruction. The burden is not only a danger to life itself, but, because of its ever-growing cost, an increasing threat to the economic well-being and security of everyone.

The United States, together with like-minded nations, is determined to exert every effort to assure that obstacles, procedural or substantive, not continue to interrupt our genuine striving to remove these threats from the daily lives of all the peoples of the world.

I personally follow this matter with the keenest interest and shall follow closely the progress of your task, in which you carry with you my cordial best wishes.

Sincerely,

DWIGHT D. EISENHOWER

The Honorable JAMES J. WADSWORTH
*Deputy United States Representative
to the United Nations*

**Mr. DelliQuadri To Represent U.S.
at Inter-American Child Institute**

The Department of State announced on March 3 (press release 99) that the President has appointed P. Frederick DelliQuadri to be the U.S. Representative on the Directing Council of the Inter-American Child Institute. Mr. DelliQuadri is Director of the Division for Children and Youth of the Wisconsin State Department of Public Welfare.

The Inter-American Child Institute, formerly known as the American International Institute for the Protection of Childhood, is a specialized organization of the Organization of American States. It is the inter-American center for information, research, documentation, consultation, and assistance on problems related to maternity, childhood, adolescence, and the family.

The Directing Council is the governing body of the Institute and is composed of representatives of the 21 American Republics who have professional qualifications and experience in this field. The Directing Council will hold its usual annual meeting this summer at the Institute's headquarters at Montevideo.

**Mrs. Simon Appointed
Adviser to Mrs. Lord**

The Department of State announced on March 7 (press release 115) that Mrs. Caroline Klein Simon, Commissioner of the State Youth Commission of New York, has been appointed adviser to Mrs. Oswald B. Lord on the U.S. delegation to the U.N. Commission on Human Rights. The 14th session of the Human Rights Commission will commence on March 10.

Current U.N. Documents: A Selected Bibliography¹

General Assembly

- UNREF Executive Committee. UNREF Progress Report as of 30 September 1957. A/AC.79/92, November 22, 1957. 115 pp. mimeo.
- UNREF Executive Committee. Revised Plan of Operations (1958). Parts II and III. A/AC.79/91, November 27, 1957. 78 pp. mimeo.
- UNREF Executive Committee. Plan of Administrative Expenditure for 1958. A/AC.79/93, December 9, 1957. 15 pp. mimeo.
- UNREF Executive Committee. Procedure for Approval of the Administrative Expenditure for the High Commissioner's Programme in 1959. A/AC.79/94, December 10, 1957. 4 pp. mimeo.
- UNREF Executive Committee. Note on Decisions Taken by the General Assembly at its Twelfth Session. A/AC.79/97, December 10, 1957. 11 pp. mimeo.
- United Nations Conference on the Law of the Sea. Reference guide to resolutions and records concerning the law of the sea adopted by world-wide or regional international conferences and meetings. A/CONF.13/21, December 12, 1957. 182 pp. mimeo.
- UNREF Executive Committee. Further Report on the Problem of Hungarian Refugees. A/AC.79/95, December 17, 1957. 46 pp. mimeo.
- United Nations Conference on the Law of the Sea. Recent Developments in the Technology of Exploiting the Mineral Resources of the Continental Shelf. A/CONF.13/25, January 3, 1958. 35 pp. mimeo.
- United Nations Conference on the Law of the Sea. United Nations Legislative Series. Supplement to Laws and Regulations on the Regime of the High Seas, Vols. I and II, and Laws Concerning the Nationality of Ships. A/CONF.13/27, January 9, 1958. 244 pp. mimeo.
- United Nations Conference on the Law of the Sea. Memorandum Concerning the Question of Free Access to the Sea of Land-Locked Countries. A/CONF.13/29, January 14, 1958. 67 pp. mimeo.
- Scientific Committee on the Effects of Atomic Radiation. Status of Programme for Standardization of SR-90 Measurements as of 16 December 1957. A/AC.82/R.62, January 23, 1958. 4 pp. mimeo.
- United Nations Conference on the Law of the Sea. Comments on the Articles Concerning the Law of the Sea Adopted by the International Law Commission at its Eighth Session. A/CONF.13/31, January 24, 1958. 9 pp. mimeo.
- United Nations Conference on the Law of the Sea. Text of the Articles Concerning the Law of the Sea Adopted by the International Law Commission at its Eighth Session. A/CONF.13/32, January 24, 1958. 25 pp. mimeo.
- United Nations Conference on the Law of the Sea. Report of the Secretary-General on the Preparation of the Conference. A/CONF.13/20, January 30, 1958. 12 pp. mimeo.
- United Nations Conference on the Law of the Sea. Initial List of Documents for the United Nations Conference on the Law of the Sea. A/CONF.13/33, February 4, 1958. 7 pp. mimeo.

¹ Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

TREATY INFORMATION

Current Actions

MULTILATERAL

Automotive Traffic

Convention on road traffic, with annexes. Done at Geneva September 19, 1949. Entered into force March 26, 1952. TIAS 2487.

Notification by United Kingdom of application to (with reservations and declarations): Isle of Man, January 22, 1958.

Protocol providing for accession to the convention on road traffic by occupied countries or territories. Done at Geneva September 19, 1949. TIAS 2487.

Accession deposited: Haiti, February 12, 1958.

Telecommunication

International telecommunication convention and six annexes. Signed at Buenos Aires December 22, 1952. Entered into force January 1, 1954. TIAS 3266.

Accessions deposited: Federation of Malaya, February 3, 1958; Burma, February 17, 1958.

Trade and Commerce

Agreement on the Organization for Trade Cooperation. Done at Geneva March 10, 1955.¹

Signature: Czechoslovakia, January 23, 1958.

Protocol amending the preamble and parts II and III of the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955. Entered into force October 7, 1957. TIAS 3930.

Signature: Italy, January 28, 1958.

Protocol of organizational amendments to the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955.¹

Signatures: Czechoslovakia, January 23, 1958; Italy, January 28, 1958.

Protocol amending part I and articles XXIX and XXX of the General Agreement on Tariffs and Trade. Done at Geneva March 10, 1955.¹

Signature: Italy, January 28, 1958.

Procès verbal of rectification concerning the protocol amending part I and articles XXIX and XXX, the protocol amending the preamble and parts II and III, and the protocol of organizational amendments to the General Agreement on Tariffs and Trade. Done at Geneva December 3, 1955.²

Signature: Italy, January 28, 1958.

Sixth protocol of rectifications and modifications to the texts of the schedules to the General Agreement on Tariffs and Trade. Done at Geneva April 11, 1957.¹

Signatures: Italy, January 28, 1958; Denmark, February 17, 1958.

¹ Not in force.

² Partially in force, section B of the procès verbal having entered into force on Oct. 7, 1957, as a result of the entry into force on that date of the protocol amending the preamble and parts II and III of the General Agreement.

War

Geneva convention relative to treatment of prisoners of war;

Geneva convention for amelioration of condition of wounded and sick in armed forces in the field;

Geneva convention for amelioration of condition of wounded, sick and shipwrecked members of armed forces at sea;

Geneva convention relative to protection of civilian persons in time of war.

Dated at Geneva August 12, 1949. Entered into force October 21, 1950; for the United States February 2, 1956. TIAS 3364, 3362, 3363, and 3365, respectively.

Accession deposited: Dominican Republic, January 22, 1958.

BILATERAL

Finland

Agricultural commodities agreement under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 455; 7 U.S.C. 1701-1709), and exchange of notes. Signed at Helsinki February 21, 1958. Entered into force February 21, 1958.

Nicaragua

Research reactor agreement concerning civil uses of atomic energy. Signed at Washington June 11, 1957.

Entered into force: March 7, 1958 (date on which each government received from the other written notification that it had complied with statutory and constitutional requirements).

Philippines

Agreement amending the agreement of October 14, 1954, and January 19, 1955 (TIAS 3187), providing for an informational media guaranty program. Effected by exchange of notes at Manila December 12, 1955, and February 10, 1958. Entered into force February 10, 1958.

United Kingdom

Agreement further amending the agreement of June 5, 1956, as amended (TIAS 3588 and 3783), relating to the sale of tobacco to the United Kingdom and the construction of military housing or community facilities for use of the United States Air Force in the United Kingdom. Effected by exchange of notes at London February 12 and 17, 1958. Entered into force February 17, 1958.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Mutual Defense Assistance—Transfer of Military Equipment and Materials to Japan. TIAS 3958. 4 pp. 5¢.

Understanding between the United States of America and Japan, interpreting agreement of January 7, 1955. Exchange of notes—Dated at Tokyo November 25, 1957. Entered into force November 25, 1957.

Surplus Agricultural Commodities. TIAS 3960. 3 pp. 5¢.

Agreement between the United States of America and Spain, amending agreement of April 20, 1955. Exchange of notes—Signed at Madrid November 27 and December 7, 1957. Entered into force December 7, 1957.

DEPARTMENT AND FOREIGN SERVICE

Designations

W. Walton Butterworth as U.S. Representative to the European Economic Community and to the European Atomic Energy Community, effective February 28.

Check List of Department of State Press Releases: March 3-9

Press releases may be obtained from the News Division, Department of State, Washington 25, D.C. Releases issued prior to March 3 which appear in this issue of the BULLETIN are Nos. 85 of February 24 and 92 of February 27.

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96	3/3	Dillon: Senate Foreign Relations Committee.
97	3/3	Germany credentials (rewrite).
98	3/3	Delegation to SEATO Council of Ministers meeting (rewrite).
99	3/3	DelliQuadri appointed to Inter-American Child Institute (rewrite).
*100	3/3	Educational exchange.
†101	3/3	Report of Secretary General of SEATO.
102	3/4	Loan to India.
103	3/4	Dulles: statement on loan to India.
104	3/4	Dulles: news conference.
*105	3/4	Educational exchange.
†106	3/5	Rubottom: Senate Foreign Relations Committee.
*107	3/5	Death of Ambassador Wadsworth.
*108	3/6	Woodward nominated Ambassador to Uruguay.
*109	3/6	Newbegin nominated Ambassador to Honduras.
*110	3/6	Willauer nominated Ambassador to Costa Rica.
*111	3/6	Moose nominated Ambassador to Sudan.
112	3/6	U.S. statement to north Korea on plane incident.
113	3/6	Alde memoir to U.S.S.R. on summit meeting.
114	3/6	Presentation of albums on "Operation Long Legs."
115	3/7	Mrs. Simon appointed adviser to Mrs. Lord (rewrite).
116	3/7	Note to U.S.S.R. on closing of Peter the Great Bay.
†117	3/7	Panama President proclaims "Point Four Week."
118	3/7	Dulles: departure statement.

*Not printed.

†Held for a later issue of the BULLETIN.

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